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100th Congress, 1st Session

H. Rept. No. 100-433 S. Rept. No. 100-216

Report of the Congressional Committees Investigating the

Iran-Contra Affair

Appendix B: Volume 10

Depositions

Lee H. Hamilton, *Chairman,*
House Select Committee
Daniel K. Inouye, *Chairman,*
Senate Select Committee

U.S. House of Representatives
Select Committee to Investigate
Covert Arms Transactions with Iran

U.S. Senate Select Committee
On Secret Military Assistance to Iran
And the Nicaraguan Opposition

November 13, 1987.—Committed to the Committee of the Whole House
on the State of the Union and ordered to be printed.
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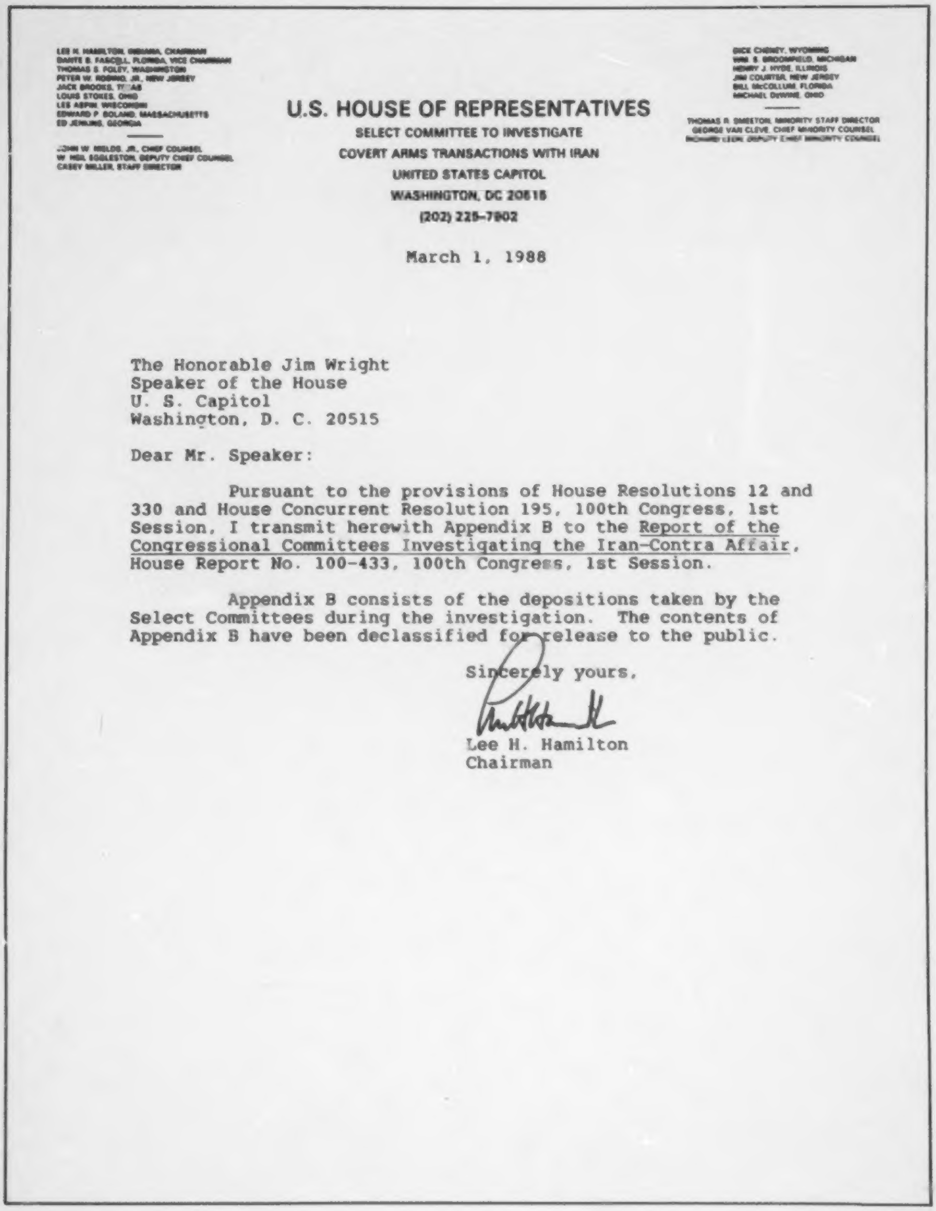

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March 1, 1988

The Honorable Jim Wright
Speaker of the House
U. S. Capitol
Washington, D. C. 20515

Dear Mr. Speaker:

Pursuant to the provisions of House Resolutions 12 and 330 and House Concurrent Resolution 195, 100th Congress, 1st Session, I transmit herewith Appendix B to the Report of the Congressional Committees Investigating the Iran-Contra Affair, House Report No. 100-433, 100th Congress, 1st Session.

Appendix B consists of the depositions taken by the Select Committees during the investigation. The contents of Appendix B have been declassified for release to the public.

Sincerely yours,

Lee H. Hamilton
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United States Senate
SELECT COMMITTEE ON SECRET MILITARY
ASSISTANCE TO IRAN AND THE NICARAGUAN OPPOSITION
WASHINGTON, DC 20510-6480

March 1, 1988

Honorable John C. Stennis
President pro tempore
United States Senate
Washington, D.C.

Dear Mr. President:

We have the pleasure to transmit herewith, pursuant to Senate Resolution 23, Appendix B to the final Report of the Senate Select Committee on Secret Military Assistance to Iran and the Nicaraguan Opposition. We will submit such other volumes of Appendices to the Report as are authorized and as they become available.

Sincerely,

Daniel K. Inouye
Chairman

Warren B. Rudman
Warren B. Rudman
Vice Chairman

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Preface

The House Select Committee to Investigate Covert Arms Transactions with Iran and the Senate Select Committee on Secret Military Assistance to Iran and the Nicaraguan Opposition, under authority contained in the resolutions establishing them (H. Res. 12 and S. Res. 23, respectively), deposed approximately 290 individuals over the course of their 10-month joint investigation.

The use of depositions enabled the Select Committees to take sworn responses to specific interrogatories, and thereby to obtain information under oath for the written record and develop lines of inquiry for the public hearings.

Select Committees Members and staff counsel, including House minority counsel, determined who would be deposed, then sought subpoenas from the Chairmen of the Select Committees, when appropriate, to compel the individuals to appear in nonpublic sessions for questioning under oath. Many deponents received separate subpoenas ordering them to produce certain written documents.

Members and staff traveled throughout the United States and abroad to meet with deponents. All depositions were stenographically reported or tape-recorded and later transcribed and duly authenticated. Deponents had the right to review their statements after transcription and to suggest factual and technical corrections to the Select Committees.

At the depositions, deponents could assert their fifth amendment privilege to avoid self-incrimination by refusing to answer specific questions. They were also entitled to legal representation. Most Federal Government deponents were represented by lawyers from their agency; the majority of private individuals retained their own counsel.

The Select Committees, after obtaining the requisite court orders, granted limited or "use" immunity to about 20 deponents. Such immunity means that, while a deposed individual could no longer invoke the fifth amendment to avoid answering a question, his or her compelled responses—or leads or collateral evidence based on those responses—could not be used in any subsequent criminal prosecution of that individual, except a prosecution for perjury, giving a false statement, or otherwise failing to comply with the court order.

An executive branch Declassification Committee, located in the White House, assisted the Committee by reviewing each page of deposition transcript and some exhibits and identifying classified matter relating to national security. Some depositions were not reviewed or could not be declassified for security reasons.

In addition, members of the House Select Committee staff corrected obvious typographical errors by hand and deleted personal and proprietary information not considered germane to the investigation.

In these *Depositions* volumes, some of the deposition transcripts are followed by exhibits. The exhibits—documentary evidence—were developed by Select Committees' staff in the course of the Select Committees' investigation or were provided by the deponent in response to a subpoena. In some cases, where the number of exhibits was very large, the House Select Committee staff chose for inclusion in the *Depositions* volumes selected documents. All of the original exhibits are stored with the rest of the Select Committees' documents with the National Archives and Records Administration and are available for public inspection subject to the respective rules of the House and Senate.

The 27 volumes of the *Depositions* appendix, totalling more than 30,000 pages, consist of photocopies of declassified, hand-corrected typewritten transcripts and declassified exhibits. Deponents appear in alphabetical order.

Publications of the House and Senate Select Committees

Report of the Congressional Committees Investigating the Iran-Contra Affair, 1 volume, 1987.

Appendix A: *Source Documents,* 2 volumes, 1988.
Appendix B: *Depositions,* 27 volumes, 1988.
Appendix C: *Chronology of Events,* 1 volume, 1988.

All publications of the Select Committees are available from the U.S. Government Printing Office.

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Deposition of Jacob Farber

United States Senate, Select Committee
On Secret Military Assistance to Iran
And the Nicaraguan Opposition

- - -

Oral deposition of JACOB FARBER taken at Three Greenway Centre, Suite 305, Route 73, Marlton, New Jersey, on Monday, June 1, 1987, at 11:45 o'clock, a.m., before Harold Schulman, a Registered Professional Reporter and Notary Public, pursuant to notice.

- - -

4167

APPEARANCES:

CHARLES KERR, ESQUIRE
Associate Counsel
United States Senate
Select Committee on Secret Military
Assistance to Iran and the Nicaraguan
Opposition.
901 Hart Senate Office Building
Washington, D.C. 20510

PRESENT:

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1A of 1

Declassified/Released on Jan 11 1988
under provisions of E.O. 12356
by D. Sirko, National Security Council

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JACOB FARBER, having been duly sworn, was examined and testified as follows:

BY MR. KERR:

Q Mr. Farber, my name is Charles Kerr. I'm an associate counsel for the United States Senate Select Committee on Secret Military Assistance to Iran and the Nicaraguan opposition. Mr. Faulkner is also here as an investigator for the Committee. Essentially what we're going to go through today are some questions the Committee has, and I need your assistance.

Let me begin by starting with some background information. Could you give us your residence, please.

A [redacted]

Q By whom are you employed at the present time, sir?

A By myself, self-employed.

Q Do you work through a corporate entity?

A Correct.

Q What entity would that be?

A Farber Enterprises, Incorporated.

Q What is the location?

A Same as my home.

Q What is the nature of the business of Farber Enterprises?

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Declassified/Released on Jan 11 1988 under provisions of E.O. 1235 by D. Sirko, National Security Council

A Consulting work for the U.S. government.

Q Was there a time when you were associated with a firm known as Forway Industries, Inc.?

A Correct.

Q When were you associated with Forway Industries?

A From July one, 1968, to October three, 1986.

Q On October third, 1986, your interest in Forway was purchased by someone else?

A Yes, it was purchased by Mr. Willard Zucker and Alfred Clark.

Q With regard to the business of Forway Industries, could you describe what that business was in the period that you were associated with Forway?

A We were a leading manufacturer of militarized spare parts in the United States, selling both domestically and overseas.

Q During the period of time July '68 through October of '86, what was your relationship to Forway?

A I was the president of the company and the chief executive officer.

Q You mentioned Mr. Zucker. How did you come to know Mr. Zucker?

A Mr. Zucker is a former roommate when he lived in Washington many years ago and he worked for the Justice

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Department, he was an excellent friend, a friend to a very close friend of mine whose name is Herbert Light who lives in Cherry Hill. Through him I got to know him. When the opportunity presented itself to retire for a former partner of mine, Mr. Zucker, in conjunction with Mr. Clark, bought fifty percent of the company. And that was January first of '84. Wait, it could have been '83.

Q How about '82?

A It could have been '82 also. Okay, '82, yes.

Q So they bought into Forway.

A Correct.

Q Sometime in 1982?

A It was January. I remember that transaction occurred at the end of the year. It was either December thirty-first or January.

Q Mr. Zucker was associated with what firm at that time?

A It was with his own company, with CSF.

Q It was your understanding that CSF was a Swiss company?

A Yes. Wait a minute. He bought it personally. It was personally bought by Willard Zucker.

Q So Zucker was acting in his own behalf?

A Correct.

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Q Mr. Clark was associated with a firm called Clark Management?

A Correct.

Q And Clark Management would have bought into Forway at a later date? That would have been 1986?

A To my knowledge, Mr. Clark bought immediately together when my former partner was bought out.

Q What is the name of your former partner?

A William Blau.

Q With regard to Mr. Zucker, did you have fairly frequent contact with him after he bought into Forway?

A No. It was a very infrequent contact.

Q His relationship to Forway was essentially that of an investor as opposed to someone who had day to day responsibility?

A Only as an investor.

Q In terms of other people that you came into contact with, you met Mr. Albert Hakim?

A Correct.

Q How would you have met Mr. Hakim, through Zucker?

A Yes. I believe at one time I was in Geneva on one of my visits to Europe, and I was introduced to Mr. Hakim by Mr. Zucker.

Q What was your understanding of the relationship

UNCLASSIFIED

between Zucker and Hakim?

A Well, they were very good friends and Zucker wanted me to meet him, because according to Zucker and to Hakim, he was very well connected in Korea, and that he would have been useful to Forway in obtaining the possibility of submitting bids to the Korean military. And at that meeting, Mr. Hakim offered to try to get such business, which never materialized. He never got a single, not even an opportunity to offer a price let alone a purchase order resulting from that.

Q Give the place and time for me as best you can when this meeting occurred?

A Well, it was probably the spring of '83 or '84. It was about that time.

Q So you met with Hakim. He represented that he had the potential to get some business for Forway; is that correct?

A For Forway, yes, from Korea.

Q But in fact Hakim did not succeed in getting business?

A Nothing ever happened.

Q In addition to Mr. Hakim, did there come a time when you met General Richard Secord?

A Yes, I did.

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Q Tell me the circumstances under which you met him.

A I believe it was sometime in '84, '85, I don't remember, and he flew into Philadelphia.

Q "He" being Secord?

A Yes. And he asked me if we had the capability to build a small rocket launcher based on Soviet equipment. And I told him that yes, in principle we could. And given enough time and money and samples, that we could do it. And that was the last thing we ever heard about this particular project.

Q So you would have met General Secord at the Philadelphia Airport?

A Correct.

Q And he was exploring with you the capability of Forway to build a copy of a Soviet rocket launcher?

A Yes.

Q And you would have met Secord through whom, Zucker or Hakim?

A Through Hakim.

Q Did Hakim indicate to you what his relationship was with General Secord?

A Well, I understood they were partners.

Q Did they identify to you the name of the business enterprise through which they were working?

A I knew all along that it was a company called Stanford Technology.

Q What did you understand to be the business of Stanford Technology?

A I knew that they were very much involved in building high security fences, and that they were successful in selling those fences to the Korean Nuclear Authority. And I also was aware that they were designing a kind of a concealed type of transmitter, you know, listening device. That, as a matter of fact, was offered to me for sale and they sent all the drawings to build the device. After I looked at it, I said this is a common item, that the art is to sell it and not to make it. I wasn't interested because I didn't think my company had the selling capabilities in that particular theater, and I was not interested.

Q With regard to the listening device, you would have had those contacts at what point in time?

A Probably in 1984, something like that.

Q You would have discussed this with Mr. Hakim or Mr. Zucker?

A I don't remember. Either one of the two. I don't remember.

Q You would have discussed with Mr. Hakim, the plans

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for this device?

A Yes. He did send me engineering plans for this listening device, and I reviewed it. And I determined that this was not the kind of business that would have been suitable for my company.

Q Let me take you to 1986. Were there occasions in 1986 when Mr. Zucker came to the United States to meet with you?

A Yes, there were.

Q In terms of the number of such occasions, was it more than once?

A Yes, it was. I believe that he was in the United States in January of '86, if my memory serves me right, and I think also in March of '86 and probably again in September, late September of '86. There may have been another opportunity, but I don't remember.

Q The occasions you would have met with Zucker in 1986, these would have been business meetings?

A Correct.

Q And the meetings would have taken place in the New Jersey area?

A At Forway, yes, at the company headquarters.

Q And Forway's headquarters were located where?

A In Woodbury, New Jersey.

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Q On the occasions when you would have met with Mr. Zucker, he would have been accompanied by other people as well in 1986?

A Well, the first occasion he was alone, as best as I can recall. In the last occasion, during part of his visit, Mr. Hakim came over. And the purpose of Mr. Hakim's visit was to bring another idea for business for Forway, which was a laser operated gun sight that he wanted Forway to investigate. And I performed an analysis of that to determine, (a) that we can manufacture it, and (b), what the price could have been. And we offered him a price, which I don't recall at the moment. And that was the end of my dealings with Mr. Hakim, because shortly after that my interest in Forway was purchased by Zucker and Clark, and I ceased to have any relationships with the company.

Q We have been told that the purchase of your interest took place approximately October third.

A That's exactly October third.

Q And the purchasers of your interests were whom?

A Arthur Clark and Willard Zucker.

Q Let me just focus in on other people. Do you know a gentleman by the name of Gregory Zink?

A Yes.

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Q How do you know Mr. Zink?

A He was hired in March of '86 as chief financial officer of the company.

Q And the company being Forway?

A Forway, yes.

Q Mr. Zink has given Mr. Faulkner of the Committee some dates that he was familiar with. He placed Hakim and Zucker's visit in the fall of 1986 as having occurred approximately Sunday, September twenty-one, 1986. The September twenty-one, 1986, date, does that correspond to your recollection?

A I think that's approximately correct.

Q And he indicated to us that Mr. Zucker and Mr. Hakim came to the Woodbury, New Jersey, area about Sunday, September twenty-first, 1986, and that there were meetings that took place on the twenty-first of September and then the twenty-second, twenty-third as well. Do you recall a series of meetings taking place during that period of time?

A Yes. This was when he brought the laser gun sight.

Q And the person who brought the laser gun sight was Mr. Hakim; is that right?

A Correct.

Q Hakim was accompanied by other folks as well. Do

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you recall the identities of the others?

A I remember that there were other people that were sort of technical specialists that came. But I do not recall their names, and I do not recall where they were located. I believe they were located in the New Orleans area. But I'm trying to reach into my memory.

Q Let me give you the names of a couple people. Do you recall meeting with a Bob or Robert Pritchie?

A I don't recall the name. But it's possible, you know.

Q Do you recall a meeting with a Robert Dutton, D U T T O N?

A No, I don't.

Q With regard to Mr. Hakim, do you recall whether or not he was accompanied by his wife when he came in in September of 1986?

A I never saw her.

Q On that trip in September of 1986, I take it General Secord was not present?

A No.

Q I'm going to touch on some other matters, but let me focus you on a Saturday, September twenty-seventh, 1986. Do you recall meeting with Mr. Zucker on Saturday, September twenty-seventh?

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A Definitely, here in this office, in Mr. Cohen's office.

Q Could you relate to me what you recall about the meeting or meetings you would have had with Mr. Zucker on Saturday, September twenty-seventh, 1986?

A The subject of the meeting was the negotiations to buy my interest in the company. They wanted to control the company, and they were trying to buy me out. We met here with Mr. Cohen and Mr. Zucker and my son-in-law, Richard Horowitz, who is also an attorney. Of course myself.

Q The people that were present here were Mr. Cohen, your son-in-law, Mr. Horowitz?

A Yes.

Q Mr. Zucker. Anyone else?

A There was nobody else at this meeting.

Q In terms of what happened on that Saturday, can you relate for me your best recollection of what happened vis-a-vis Mr. Zucker?

A The purpose of the trip, the visit, was to negotiate an agreement of sale where I would tender my fifty percent ownership of Forway to Zucker and Clark. And we structured a deal. Of course, he was trying to buy for as cheap as possible and I was trying to sell for as

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much as possible. And that was the subject of the negotiations that day.

Q Run through me the events of that day. Was there more than one meeting with Zucker that day? Did you meet with him and break and have him come back?

A Yes, we met. If I remember correct, we met in the morning. Zucker had to meet somebody at the airport that day, and he left somewheres around eleven to twelve, and he returned sometime between one and two, approximately.

Q In terms of the day itself, do you recall what the weather was like?

A Yes, it was a very rainy day.

Q In terms of who Zucker was meeting with at the airport, did he indicate to you who he was meeting with?

A All he said was it was some lady who was coming up from Washington. But it was customary for him whenever he came to have all kinds of meetings with all kinds of people. So that was one more meeting to which we paid no particular attention.

Q But you do recall him indicating he was meeting with a woman; is that correct?

A As best as I can remember.

Q In terms of why he was meeting with the woman, did he indicate anything for you to know why?

A It wouldn't have been customary for me to ask him what his private business was.

Q He did not relate to you what the business was?

A No.

Q Specifically in terms of the identity of the woman with whom he was meeting, he did not indicate to you her identity; is that correct?

A Correct.

Q It was your understanding, however, that he was meeting with her for business reasons; is that correct?

A I have no idea what the purpose of the meeting was.

Q Do you recollect when he first mentioned to you that he was going to be meeting with this woman? Was it on that Saturday?

A Yes.

Q Do you have any knowledge of anyone else who met with Zucker and this woman?

A I have no idea.

Q Upon his return after meeting with that woman on that Saturday, did he say anything further about the nature of the business he had done with the woman?

A No, he didn't.

Q I take it that Mr. Hakim had been present earlier in the week; is that right?

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A Correct.

Q But Hakim, to the best of your knowledge, was not present on that Saturday?

A No, I didn't see him. But I have no idea whether he was still in town or had left town. I don't know that.

Q In terms of where Mr. Hakim had been staying when he was in town earlier that week, did you know where he was staying?

A There are only two possibilities; either they stayed at the Hershey Hotel in Philadelphia or at the Gloucester Inn in Gloucester, New Jersey. But I don't know.

Q Did you have occasion to meet, I think you said you did, with Hakim earlier in the week?

A Yes. That is when we discussed the laser gun sight.

Q When you discussed the laser gun sight with Hakim, was Mr. Zucker present at this time?

A Yes, he was present. I believe at part of the meetings he was present, yes.

Q The discussions that you had with Mr. Zucker on that Saturday, the twenty-seventh, was Zucker represented by counsel at that time?

A No. He was by himself. He was representing

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himself.

Q The reason I asked is I'm trying to make sure I cover all people that might have known of this Saturday trip. There is no attorney that you know of who was there on behalf of Zucker on that Saturday?

A No.

Q As of that time, that Saturday, did you know at that time a Lieutenant Colonel Oliver North?

A No. I never heard of him.

Q And I take it you would not have known Colonel North's wife at that time either?

A No.

Q Since that time have you had occasion to meet with Colonel North?

A No.

Q I take it you do not know North at the present time?

A No.

Q Or his family?

A No.

Q With regard to the meeting that Mr. Zucker had on that Saturday, did he say anything that would cause you to believe either then or now that Zucker was meeting with this woman on behalf of or in conjunction with business he

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was doing for Hakim or Secord?

A I have no idea.

Q Let me shift gears a bit. In terms of your work for Forway, from the discussion that we had prior to the deposition, I gather there did come a time when you had business with General Secord on behalf of Forway; is that correct?

A Correct.

Q Could you describe that business, please?

A Well, off the record for a minute.

(Discussion off the record.)

BY MR. KERR:

Q In August, September of 1986, you had a subcontract through Forway to acquire certain types of radio equipment; is that correct?

A Yes.

Q In order to obtain that equipment, you made contact with Mr. Zucker?

A Correct.

Q Mr. Zucker suggested that you talk to General Secord; is that correct?

A Which I did.

Q To assist you, General Secord gave you the name of Manny Weigensberg?

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A Correct.

Q And you then went to Mr. Weigensberg in that period of time, August, September of 1986; is that right?

A I went in October, late October.

Q And Mr. Weigensberg agreed to assist you?

A Correct.

Q And he was successful in helping you obtain the radio equipment?

A Correct.

Q Since that time you've had further dealings with Mr. Weigensberg?

A Correct.

Q On related matters?

A Yes.

Q In the subsequent dealings that you had with Mr. Weigensberg, they have been direct?

A Yes.

Q General Secord has not been involved?

A Correct.

Q I think I've asked this before, but just so that I can nail it down, to your knowledge, though, Zucker and Hakim were both here in this area in the period of September twenty-one, twenty-two, twenty-three, 1986; correct?

A Correct.

Q And Zucker was here by himself, as far as you know, on Saturday, September twenty-seventh, 1986, when Zucker had the meeting with the woman from Washington, D. C.; is that correct?

A Correct.

Q There are a couple of things that Mr. Zink related to us that I would like to review with you. You've already indicated that you are not familiar with Robert Dutton of Stanford Technologies?

A Yes.

Q And you don't know of a man named Goff?

A It is possible that these were people that came with the laser gun sight. But I don't remember their names.

Q You have no knowledge of a proposal for American Arms to purchase from Forway a twenty-two caliber automatic weapon; is that right?

A I have no idea of that.

Q With regard to the radio transaction we discussed a moment ago, do you have any knowledge of the commission or fee paid by Forway to General Secord?

A I'm not aware of it.

Q Do you have knowledge of a twenty-five thousand

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dollar payment made by CSF to Forway in September of 1986 that was used to generate cash for Mr. Zucker?

A I have no idea. At that time I was not handling, I was not the chief operating officer. I was not handling any of the money from those transactions.

Q The same level of inquiry, in August of 1986, do you have knowledge of a fifty thousand dollar payment that was made by Forway to Stanford Technology as part of a commission payment on the laser gun sights?

A I have no idea. I was not involved with any of the financial transactions at Forway.

Q Do you have knowledge of a company called Hyde Park Square?

A Never heard of it.

Q With regard to Charles Heusler of the Archer and Greiner firm, do you know Mr. Heusler?

A It's Heisler. I think it's H E I S L E R.

Q Do you know Mr. Heusler?

A I met him once for five minutes. I don't think he's ever done -- he tried to get Forway's legal business when they questioned the friendly relationship between Mr. Cohen and myself, and they wanted to get an independent counsel. And Mr. Heusler came and talked to Mr. Wade or Mr. Zink and talked to me for about a couple of minutes.

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But I don't think that any legal business has ever been given to Heusler by Forway.

Q Do you know when Heusler came on the seen scene? Would this have been in conjunction with the October third deal?

A No. He came much earlier than that. He came in maybe June or July. I'm speculating. But I am almost certain he got no business from Forway. And at the closing of they buying me out, he was not present.

Q That was my next question. He did not play a role in the buy out, to the best of your recollection?

A No.

Q So he wouldn't have been present on that Saturday?

A No, he was not, definitely.

Q We have a reference from Mr. Zink that Mr. Zucker was in the Woodbury, New Jersey, area in June 1986, that he came June second or third, that he came to Forway and left about June fifth. Do you have any recollection of that visit by Zucker?

A Well, it was one of the trips that he made concerning the financial situation of Forway, okay.

Q You have no recollection of any mention of a meeting with a woman from Washington, D. C., at that point in time?

A Not at that time.

Q In terms of conversations, have you had any conversations with General Secord about the matters which are causing all the publicity since that publicity broke?

A I called him in January or February, you know, because I wanted him to put pressure on Manny Weigensberg, you know, to expedite the shipment of the equipment. But my understanding is that they're not on talking terms at the moment. Because part of your investigation has revealed that subsequent shipments of materials were not bought through Manny, and he's very upset.

Q But apart from his relationship with Manny, you didn't discuss any of the matters that are in the papers every day, I take it?

A No.

Q You didn't discuss his potential testimony?

A No.

Q He didn't talk to you about testimony that might be requested of you?

A No.

Q You have not had occasion to discuss this incident of Saturday, September twenty-seventh, with anybody, I assume, prior to being asked about it here?

A Absolutely.

Q Likewise, have you had any conversation with Hakim?

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A No.

Q Or Zucker?

A No.

Q About these matters?

A I have not talked to them since October third.

Q Do you have any knowledge of when Mr. Zucker might be returning to the United States?

A I have no idea.

Q Do you know Roland Farina?

A Yes, I know who he is.

Q Do you have any knowledge of whether Mr. Farina may grace our shores again?

A He has never done that. His responsibility is to run the computer, and he's not connected with the business end. He's an operations man.

Q He did not normally travel with Mr. Zucker is what you're telling me?

A The only person, to my knowledge, who does travel with Mr. Zucker is Mr. Zucker himself.

Q Has anyone, to your knowledge, from the Independent Counsel's Office, Judge Walsh's office, been in touch with either you or Mr. Cohen?

A No.

MR. KERR: I'm fresh out of questions. We

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certainly appreciate your conversation with us on very short notice. You've been very helpful to us. In terms of this transcript, in the questions we reviewed with you today, the Committee does regard these as sensitive matters. I would be grateful if you would keep the matters we discussed here today confidential.

THE WITNESS: I will be happy to do it. At the same time, I have revealed to you certain matters that are of great sensitivity to the security of the United States, and therefore, I request you treat them in the greatest confidence.

MR. KERR: I understand. Specifically you're referring to the contractual work that related to General Secord?

THE WITNESS: I'd rather not even say that.

MR. KERR: In other words, so we're not missing each other, your concern relates to the contract work that you and I discussed basically off the record?

THE WITNESS: Correct.

MR. KERR: With regard to the transcript, we're trying to do it on an expedited basis. I can have the reporter make a copy of the transcript

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available to you for your review, to be sure there are no errors and the like. I would ask that the transcript not be copied.

THE WITNESS: I will respect that.

MR. KERR: Other than that, I think we're done.

(Witness excused.)

- - -

TESTIMONY CLOSED

- - -

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CERTIFICATION

I hereby certify that the proceedings, evidence and objections noted are contained fully and accurately in the notes taken by me in the hearing of the above matter, and that this is a correct transcript of the same.

Harold J Schulman

HAROLD SCHULMAN
REGISTERED PROFESSIONAL REPORTER
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DEPOSITION OF JEFFREY FELDMAN

Thursday, April 30, 1987

House of Representatives,
Select Committee to Investigate Covert
Arms Transactions with Iran,
Washington, D.C.

The Committee met, pursuant to call, at 9:45 a.m., in Room 2203, Rayburn House Office Building, Pamela J. Naughton (Staff Counsel) presiding.

Present: Pamela J. Naughton, Staff Counsel, Select Committee to Investigate Covert Arms Transactions with Iran, U.S. House of Representatives; Henry J. Flynn, Investigator, Select Committee on Secret Military Assistance to Iran and the Nicaraguan Opposition, United States Senate; Thomas McGough, Jr., Associate Special Counsel.

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Whereupon,

JEFFREY FELDMAN,

was called for examination by counsel for the Select Committee, and having been duly sworn, was examined and testified as follows:

BY MS. NAUGHTON:

Q We are on the record. It is April 30, 1987. I am Pamela Naughton, Staff Counsel with the House Select Committee to Investigate Covert Arms Transactions with Iran. The people in the room will please introduce themselves.

MR. MCGOUGH: Tom McGough, Associate Special Counsel, Select Committee on Secret Military Assistance to Iran.

MR. FLYNN: Henry J. Flynn, Investigator with the Select Committee.

THE WITNESS: Jeffrey Feldman, Assistant U.S. Attorney, the Southern District of Florida.

What is my status before the committee in this proceeding?

MS. NAUGHTON: Simply as a witness. We are doing many interviews, conducting many, many depositions of various people throughout the government and private citizens.

You are entitled to personal counsel at any time. I don't see any reason for it, but that, of course, is your

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choice. You can certainly do that if you like. All we want to get at is the truth, and that is what we are here for.

The deposition is taken in Executive Session, which means that it is secret materials. It sealed in a vault. Copies aren't even released to anyone, even to the witness. The witness can view it and make corrections but cannot retain a copy. A copy goes to no one else, it is only disseminated at a hearing upon majority vote of the committee membership. We are in contempt of Congress if we give out any information in a deposition, so it is entirely secret. Do you have any other questions?

THE WITNESS: No.

BY MS. NAUGHTON:

Q Let's get the basics. How long have you been in ESA?

A Since January of '85.

Q What did you do before that?

A I was Assistant State Attorney in Miami.

Q For what years?

A 1981 through 1985.

Q What did you do before that?

A I went to school.

Q Graduated from law school in '81?

A That is right.

Q What law school?

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. A University of Florida.

. Q Have you held any other positions with the government other than those two?

. A No.

. Q Are you in any special unit at the U.S. Attorney's Office?

. A I think they're calling it the Contra Investigative Unit now. I am technically assigned to--that is a joke, for the record--I am assigned to major narcotics.

. Q Is that the task force?

. A No, the task force is a--well, we have OCDETF, which I guess is a task force, and I am a member of OCDETF in the Southern District of Florida. It's Organized Crime Drug Enforcement Task Force. O-C-D-E-T-F.

. Q Have you been with that unit since January, 1985?

. A No, I have been with that unit since February 25, 1986.

. Q And before that, what was your assignment?

. A Prosecution of violations committed against the Neutrality Act.

. Q Were you involved in the Cutter case at all?

. A No. Cutter?

. Q You haven't heard of that case?

. A No. Perhaps you should give me some more details. I may be familiar with it, but perhaps not by that name.

Q It had to do with arms sales transactions. The defendants were two guys from Long Island.

A No.

Q Did there come a time in early 1985 that you began investigating the alleged Neutrality Act violations concerning activity in Central America?

A Yes.

Q Can you tell me how that came to your attention?

A Let me tell you what I have done. If you want to proceed differently--the record should reflect I prepared a complete chronology, starting with my involvement with the Jesus Garcia matter, basically up to present, supporting documents for the activities which I have specified as having occurred on specific dates. If you want me to, I can go through the entire chronology and show you the supporting document. Otherwise, we can take it one step at a time.

Q We will take it one step at a time, but using your chronology would be great. Why don't you go through the first date on your chronology.

A I got into this by prosecuting a man named Jesus Garcia. Garcia, in August of '85, was charged with possessing an un-serialized and un-registered machine gun and silencer. It was four counts. On or around December 12 or December 10, somewhere in that area, he was convicted; and on December 17 of 1985, I met with Garcia's lawyer, John

Mattes. He had indicated to me that Mr. Garcia wanted to offer his cooperation to the government regarding historical conspiracy, and we went ahead and met on the 17th and reached agreement that on January 3 of 1986 we would speak further about this.

Between December 17 and January 3, I have several notations that I had met with the case agents in this matter, George Kyzinski and D.C. Diaz, who is an officer with the City of Miami Special Investigative Section.

Q Could I stop you there for a minute? The gun case, was that an FBI case?

A It was sort of odd, because there were a number of agencies involved in the gun case. It came to me as an ATF case. I was on duty. It was basically to handle any citizens complaint, to fill out arrest complaints, just answer questions that agents may have, and I was contacted by Dennis Hamburger, who is an agent with the Bureau of Alcohol, Tobacco and Firearms, and he told me that he had just seized a gun, and he wanted me to take a look at it and brought it to my office, and from that point on, I was involved, but the Bureau of Alcohol, Tobacco and Firearms got involved only after the FBI and City of Miami had been involved.

I would say the City of Miami--the City of Miami was the primary investigative agency. The FBI was the agency that got the phone call. They passed it on to the City of Miami. The City made seizure of the weapon, and once it was seized, they contacted the Bureau of Alcohol, Tobacco and Firearms, and they conducted the follow-up investigation under--they followed up with U.S. phone calls and ultimately made the arrest.

. Q When the defense attorney came to see you to set up the appointment with the agents, why was it the ATF wasn't called in along with the FBI?

. A Because, quite frankly, the ATF at that point had no jurisdiction in the matter. Dennis Hamburger was in the Garcia matter after the conviction, and the FBI has primary jurisdiction over neutrality matters, and the FBI was the agency that was following up these matters.

. You have to realize at the time there was another investigation going on by the Bureau and by the City of Miami. They were investigating Rene~~e~~ Corbo, doing a surveillance of Rene~~e~~ Corbo, and it turned out the people involved in the surveillance were also the same two agents involved in the Garcia matter, and that is how I basically got brought into the Corbo matter, because I knew the agents from the Garcia case. That's the way it happened. There was no conscious purpose to leaving them out. It is just--

. Q No, I am not suggesting there was. I want to understand who was involved. In your mind then, in January

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this was a Neutrality Act case?

A I don't know what it was. Garcia had been making--had suggested from the beginning that there was something more to his case than simple possession of a machine gun and silencer, and I think I became very well aware of that on October 31 of 1985 when we had the motion to suppress in the case.

But at that time he was talking about, Garcia was talking about a plot to blow up the Cuban and Russian Embassies in Managua, and ultimately that just bombed out. He was not able to develop any evidence other than to show that a man named Allen Saum, who was a government witness, made allegations to that effect or had suggested he was planning something to that effect.

As far as investigating a plot on a United States Ambassador or blowing up the U.S. Embassy in Costa Rica, Garcia didn't say anything about that until after his conviction.

Q Garcia pled guilty or was tried?

A No, he was tried.

Q There was a trial?

A Yes.

Q What was his defense at trial?

A His defense was he was entrapped, which was completely bizarre, because he had the gun in his house

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before the alleged government agent entered the premise and had sold the weapon before the alleged government agent had entered his premise.

. Q So his defense was not I was working for the U.S. government?

. A No. Well, yes, that was his defense, that he thought he was working for the U.S. Government, and that is why he purchased the fire arm. But he was unable to establish that.

. Q Did he claim for whom in the government?

. A Major Alan Saum, S-a-u-m. Saum apparently did represent himself as such, but he lied. And I know that for a fact, because I obtained Saum's military records, and he was booted out of boot camp for behavioral problems. He was crying and couldn't survive boot camp. He didn't last more than a month or two weeks.

. Q Now, when you met with Mr. Mattes and the two FBI agents, what happened?

. A Basically the only recollection I have on the meeting on January 3 was we obtained permission to debrief Garcia, and Garcia Was debriefed on January 7, 1986. That was the first time that he ever mentioned, and I am readying from an FBI 302 dated--actually, it is an FBI memo, dated 3/21/86. I am referring to page two, where it's stated: ''It was during the January 7, '86 interview Garcia first made the allegations concerning the plot hatched in February, '85 in Miami to assassinate Lewis Tambs in Costa Rica and later blame the hit on the Sandinistas.

. Q Garcia hadn't been sentenced at this point, is that right?

. A No.

. Q What did you promise in exchange for the opportunity to debrief him?

. A Really nothing. We have correspondence to show we never reached an agreement. It was just he was willing to give us a proffer, to give us a complete debriefing and to be polygraphed on it, and we basically proceeded with the understanding if we could work something out, we could work something out.

. It ultimately could have been a recommendation at sentencing his sentence be mitigated because he assisted in development of, you know, of a historical conspiracy case, but we never reached any agreement, although we had worked towards that goal.

. Q So at sentencing, did you take that into consideration?

. A No, because, in my opinion, Mr. Garcia lied.

. Q When was he sentenced?

. A Garcia was sentenced September--

. Q September?

A --15 of 1986.

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. Q To what?

. A I think it was three years on each count. The court suspended sentence on two of the counts and imposed probation consecutive to the jail term on the first two counts.

. Q You debriefed him on January 7, you said?

. A I didn't, the agents did, with Mr. Mattes, and I think Mr. Amestri present.

. Q Who is Mr. Amestri?

. A Mr. Amestri is an investigator at the Public Defender's Office.

. Q What did Garcia tell them?

. A I don't have a copy of the Garcia 302, and I could synopsize it. I basically said that--actually, rather than synopsize it, let me read a portion off of the FBI report that I have here. Again, referring to the FBI report, dated 3-21-86, it states, the top paragraph, page two, ''On January 7, '86, Garcia was interviewed by the FBI with Mattes and Amestri at the Metropolitan Corrections Center in Miami. It was during this interview he made the allegations of a plot hatched in 1985 in Miami to assassinate U.S. Ambassador Tambs. Although Garcia freely spoke out against the Americans involved in the plot, he refused to speak out on the gun-running situation involved in the plot.''

. Q Did he outline a Contra re-supply network and program?

. A No, not that I recall. The essence of his allegation was he met Tom Posey--this is from my recollection now--he met Tom Posey in January of '86. Posey returned in February--

. Q 1985?

. A February, '85, you are right. Posey returned to enter a plea to carrying a concealed fire arm in Miami. During that time, he got in touch with Garcia. They met, Posey at that point suggested that the embassy be broken up and that the Ambassador be Killed, Ambassador Tambs be killed to collect the bounty placed on these people. Garcia said the participants of the plot, Stephen Carr, Robert Thompson, Sam Hall, Peter Glibbery, and Tom Posey, and I believe Bruce Jones, he had also mentioned, was involved, that Garcia attended a meeting at the Howard Johnson's near the airport in Miami--

. Q Wait a minute. I want to get the names. Hall--

. A H-a-l-l, Sam Hall.

. Q Sam Hall--what is Thompson's first name?

. A Robert.

. Q Who else?

. A Stephen Carr, Bruce Jones, peter Glibbery.

. . Q Are these all people associated with CME?

. A At this point, I don't think I can answer the question. I have been told not to go into any matters pertaining to the investigation itself. I can only tell you what my recollection--I think if I go beyond that at this point, I would be going into matter we discovered during the course of the investigation. I have no problem personally answering it.

. Q I interrupted you, I am sorry. You mentioned these people. And then what happened?

. A He said he had a meeting at the Howard Johnson's where Stephen Carr pulled out a set of blueprints of the American Embassy in Costa Rica and basically laid out a plan to blow up the embassy and kill the Ambassador, and he said that because he was aware of this plan, Tom Posey decided that he had to be taken--he, Garcia--had to be taken out, and that is why Tom Posey sent Alan Saum to Miami in July of 1985. He alleged that Saum came to Miami with the intent of setting Garcia up and/or taking him to Central America to kill him. And that is why he is where he is today. He said that he refused to speak about the involvement of the Cuban faction in this plan. He would not go into that. I think that is a fair summary of what I remember about the Garcia debriefing.

. I spoke to John Mattes about this. I don't know if you want to go into this at this point.

Q Sure.

A First, there is a couple things you have got to consider. I've been a prosecutor for almost seven years in Miami--the thought of hearing about CIA plots is nothing new. The public authority defense is asserted, I think, more frequently in Miami than it is in other parts of the country. I have seen it.

Just based on my own investigation of Alan Saum and knowing what I knew about Alan Saum, I knew that he was not involved with the government. I had Kevin Currier get involved to see if Saum did work for any agency. Currier testified at trial Saum was not employed by any military agency. I got his military records, which showed him at best of being a cry baby.

After speaking with Alan Saum at length, I was convinced he was a fraud. At the same time, I never understood, to this day I don't understand why Saum came to Miami and contacted Garcia. It is still a mystery in my mind. So I never really accepted Garcia's acclaim he was working for the government. During the entire time between his arrest and trial, there was never an allegation made Garcia was involved in an assassination plot or he had been set up by Tom Posey.

In fact, he had subpoenaed Tom Posey as a defense witness. So when Garcia made the allegation in January about the assassination plot, I was skeptical. I became even more skeptical on March 14 when John Mattes advised me that the first time that he ever learned about the assassination plot was after he had spoken with Martha Honey, and Mattes also told me--let me refer to my notes.

. Q She is a reporter for whom?

. A She is a stringer for several papers. She is an American, works down in Costa Rica.

. This is what--I have a note here for March 14. In September of '85, Martha Honey, Times, CBS, calls and says ''Are you sure your client was not involved in the American Embassy hit in Costa Rica? And Mattes said, all Mattes knew was Saum's story of '85, which was the Russian Embassy hit in Managua.

. Then John went on later to tell me the first time Garcia ever mentioned anything to him about this assassination plot was after he had spoken with Martha Honey. This plus several other factors ultimately led to my discounting the existence of this assassination plot.

. MR. MCGOUGH: You said the first time Mattes learned of it was after he had spoken to Martha Honey. He, Mattes, or he--

. A He, Mattes.

. From what I gather, both of them learned about the

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assassination plot from Martha Honey. Garcia never made any mention of it at all from the time he was arrested to the time he was convicted, even at the motion to suppress where Mattes was given the opportunity to cross-examine Saum, but there never was a question raised about Garcia's involvement in the assassination plot.

. So I guess--getting back to the chronology, you got to realize that nothing was discounted. It was a definite change. When we went ahead and decided to speak with Garcia and to listen to his story, there was no decision outright to exclude what he said was true. We basically went in, we listened to him, and then we wanted to polygraph him, and that was the next step.

. I believe on January 14 of '85 Garcia was polygraphed. He was polygraphed on three issues. The first issue was his involvement--I am sorry, Tom Posey's involvement in the plot. The second issue was whether the plot existed, and the third issue was some reference to Garcia's involvement in other criminal activity in the Miami area.

. For purposes of this proceeding, the first two issues were irrelevant. On the issue of the existence of a plot, he was deemed to come out inconclusive. They couldn't say one way or another, whether he was telling the truth. With respect to Tom Posey's involvement, he was deemed

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deceptive.

. When confronted with the deceptions the machine picked up, he admitted he had lied about Posey's involvement.

. Q Going back for a moment to the machine gun, did you trade it?

. A I am sorry.

. Q Did you trace it?

. A The machine gun?

. Q Yes.

. A No. It had no serial number on it. He admitted who he bought it from.

. Q Who did he say he bought it from?

. A A man named Chino.

. Q Was it ever traced to Posey?

. A No. It couldn't be, because Garcia made a statement, alleged statement, to a person at MCC saying that the machine gun had come from Tom Posey, but at trial, under oath, he testified that the gun had come from Chino. And on March 14, I spoke with John Mattes; Mattes told me the gun had come from Chino.

. Q So he admitted he lied about Posey. Was that out of whole cloth?

. A I am sorry.

. Q Was that out of whole cloth? What did he finally tell you?

. A I have the polygraph report. He never really changed his story. The fact was because the existence of the plot came out inconclusive, that in and of itself made it worth exploring.

. Miami is a Casablanca. I don't discount anything others say. I wasn't quite sure he was telling the truth at that point, but there was no way that I was going to say, no, this case is closed. So on January 22 of '86, we had a meeting at the Public Defender's Office, Kevin Currier, George Kyzinski, an agent named Herb Cousins, myself, John Mattes, met in the Public Defender's Office around 5:00 p.m.

. Basically, we all agreed without more, Garcia's story is not going to amount to a hill of beans, because, number one, he was deceptive with respect to Posey's involvement. There was no corroboration at that point of anything that he was saying, and he refused to, Garcia refused to talk about the involvement of certain Cubans in this so-called plot. Garcia was really not offering us much at that point.

. On top of it, he had completely changed his defense now. He was saying he got involved in this machine gun case through his involvement in the assassination plot with Tom Posey in January, '85 whereas at trial he had said he got involved with this machine gun case because he was involved in a plot to blow up the Cuban and Russian Embassies in Managua. He had changed his story completely. He was not too strong on January 22 of '86.

. Q Wasn't he sort of like a prison guard or something?

. A Yes. He was a corporal at the jail, Dade County Jail.

. Q Go ahead. I am sorry.

. A So what we did on the 22nd is after the meeting with Mattes, I went back to my office and met with the agents--I have notes that you are all entitled to look at. I can't give any of the documents to you because it has to go through somebody at Justice. Would you like to see this?

. Q Yes.

. A For the record, I am showing counsel the copies of my notes from January 22. I am showing you the records.

. On the first page, you will see that there is a series of categories--let me see. I think the reason we called it Corbo I is at that time there was two cases, the ongoing surveillance and the historical case. At this time, we were talking about the historical case. But, basically, you have suspects, and I have listed Posey, Carr, Thompson, Glibbery, Jones, Hall, John Hull, Corbo, Capito, who is Francisco Hernandez, and then--

. Q What do you know about John Hull?

. A Informer.

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Q Why do you have him as a suspect?

A Because at this time--I am not really sure. I know his name came up. I don't know if it was through John--not John Mattes, but through Jack Terrell. The statement was taken of Jack Terrell. Terrell had mentioned Hull's name. Hull came up early. I think Bruce Jones worked for John Hull. I can't tell you specifically.

Likewise, I don't know how Corbo came into it on the 22nd, because Garcia had not mentioned Corbo on his initial debriefing. We had lots of conversations, and somehow or other this is the list of names we came into. I can go back and check the initial correspondence.

Q Were you looking at Hull for drugs only or for gun running?

A No, at this point, I would say the events we were looking at specified here are the Howard Johnson's meeting 2-85 where this alleged assassination plot occurred, and we have the arrest of Thompson, and I would also think the March 6 gun shipment. Garcia talked about that. I failed to mention that earlier.

In his statement on the 17th, he mentioned the weapons that were going to be used for this operation against the embassy in Costa Rica were on board the March gun flight. So we were looking, I think at this time we were looking at the existence of an assassination plot, and

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we also looked at the likelihood of the March 6 shipment. I think those were the basic perimeters.

And we went back--upon referring back to the notes, on January 22, on page two, under Category C, corroboration, we decided we would have to corroborate the presence in the hotel of the alleged members of the conspiracy, and we wrote down a list of things that we could do in order to corroborate Garcia.

Now, the substance of the meeting, we wanted to interview people who allegedly had information concerning the plot and then finally the flight, March 6 flight, such things as FAA flight record and pilot--and so forth; and then proving the bounty against the Ambassador of the embassy, we were thinking of getting all the documents used for Thompson because we felt at that point we would have a hard time interviewing Bachoa.

Q Was he in jail?

A Bachoa?

Q Yes.

A I don't know.

Q In Spain you mean?

A I don't know.

But, basically, speak with Carr, get records corroborating the flight, hotel records. So there was--even after the January 22 meeting where Mattes and myself and everyone else was there, we had concluded we needed corroboration. The Government people went back and drew up the strategy on how we could try to make something of what Garcia was saying.

. The next principal event--the record should reflect I am skipping over portions of this and going on to what I consider to be the material events.

. Following the 22, I would say that I did very little on the Garcia matter until March 14. Between the 22 and the 14 I had begun a Jury tampering investigation of a major, major trial that ended in a mistrial down in Miami, the Sunshine State Bank investigation. I had to prepare for a 13-defendant boat case, marijuana boat case, that had been mis-tried. I had begun preparation on the case, the United States versus Rafael Soto, which was at that time the largest maritime seizure of cocaine in the history of the country. And I had left on annual leave, and I had also in that period moved up from major crimes to major narcotics.

. So I was preparing for vacation, preparing for transition up to major narcotics, and I had begun several other matters.

. Q Excuse me. The Soto case, did that have any relation to the Marter District in Florida?

. A Not that I know of.

. Q I am sorry, go ahead.

A I returned to work from annual leave on February 25, and from February 25 to March 14, my recollection is I did, I worked strictly on Operation Birdman, which was an international methaqualone conspiracy, which is the ton of cocaine case, the re-trial of Ponce DeMoore. I began working on the boiler room, which was a major fraud case, and I had also continued work on the Sunshine State Bank Case.

In all candor, the Garcia matter at that point really had become a lesser priority because I had, in my opinion, other matters pending. The allegations being made by Garcia were historical and the plot was to have--if the plot was said to have existed in February of '85 and the embassy destruction and the assassination was supposed to have occurred in March, and since we are almost a year later, all we were doing was exploring the historical conspiracy.

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So on March 14, I would say it was the next day that I have any real involvement again in the case. And what happened on March 13, I believe, Kevin Currier called me and informed me he wanted to see me and John Mattes wanted to see me. I said, fine, no problem. We--Kevin was supposed to come in, in fact, did come in at nine o'clock on March 14 and Mattes was set for two o'clock that afternoon.

When Kevin came in, Kevin brought with him a series of Customs declaration forms pertaining to the March 6 flight, and he had also brought copies of hotel bills which tended to corroborate Garcia's claim that Carr and Thompson were at a particular hotel in Miami.

The finding of these documents was significant because it--you know, at last there was some physical corroboration of Garcia's allegations. As soon as I saw the documents, I took them down to Ana Barnett, one of the chief assistants and Kevin was with me. We just began talking about the case, and it was at that point that I spoke with Leon for the very first time about this whole matter. Leon came into Ana's office and--

Q Just happened to come by?

A Just happened to come by. You have to know Leon and--he is constantly walking up and down the hallway.

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MR. McGOUGH: What was Ana's last name?

THE WITNESS: Barnett. He came into the office and said, ''Does anybody know anything about these mercenaries down in Costa Rica?'' That's exactly what we are talking about right now.

BY MS. NAUGHTON:

Q Yes.

A We basically wanted to know what we had. Kevin, myself, Ana and Leon wanted to--at the time Joe McSorley's office, and we began discussing exactly what we had. When I say exactly, you know, it's--we had, I think, a basic understanding of what we were looking into, but there obviously was a lot more. There was something--something that went on. My whole feeling was I didn't think Garcia was telling the truth about the plot, but it was apparent that he knew about events that had gone on in Miami the year before, and there was something--something going on down here. We just went through what we had.

Q Excuse me. Did Kellner tell you why he was inquiring? That is kind of out of the blue?

A Apparently he had gotten a phone call from Justice. That was my impression.

Q Did he say from whom?

A No. Not that I recall. I just remember him coming in and--like right away, I had very little contact with Leon up to that point. He took an interest in this; it shot up from case number ten on my list to--zoom, right to the top. Right away Leon expressed an interest and he told me that there was a likelihood I could be going to Costa Rica. I do not know exactly when that was, but it was sometime between March 14 and March 17 because on March 17 I have a note that I called Tony Avirgon, who is Martha Honey's husband, and advised him I wanted to travel during the week of Easter and he advised me not to come. So sometime within the three days between March 14 and March 17, I was told to go to Costa Rica.

In any event, we spoke with Leon, told him exactly what we had and then met with Mattes at two o'clock. At that meeting my intent--he had requested the meeting, but it was my intention at that point to find out everything that he had discovered. Mattes was pursuing this case like a mad dog. Regardless of the allegations he made against me, I got to give him credit because he worked hard for his client. He had gone to Costa Rica and spoken to people who we had previously classified as targets and perhaps witnesses, but I would say on March 14 the people that he had spoken to in Costa Rica were considered possible targets of the case because according to Garcia, Carr and Thompson and Glibbery were involved in the assassination plot.

Basically what I wanted to do on the 14th when John came in was to go through everything that he had learned from the inception of his involvement in the case right up till present. The way we started was his involvement from the day that his client was arrested and we were going to take it all the way up to present

. There are allegations made about the March 14 meeting. Do you want me to cover this cumulatively? Should I just hit the high points?

. Q I have read the articles regarding Mattes. I am not particularly concerned with it. So if it is not pertinent to the facts--

. A Basically what happened on the 14th, we got as far as the point of Garcia's arrest up until the end of the trial, where Martha Honey came in and apprised Garcia of the assassination plot. I remember the meeting ended with my asking Mattes when was the first time your client ever mentioned anything about the assassination plot to you. He said if Martha Honey spoke to him.

. Then we went on. I remember during the course of the meeting I told John that we had gotten information that he may be misrepresenting his authority because we had gotten correspondence from the U.S. Embassy in Costa Rica reflecting letters that Carr and Glibbery sent to the Embassy saying that Tony Avirgon had come to see them and implied that they were going to be indicted unless they cooperated with the FBI.

Q Who is Tony Avirgon?

A Martha Honey's husband. He is also a reporter.

Q Okay.

A Avirgon told Carr and Glibbery--Avirgon told Carr and Glibbery he was an emissary from the FBI and was authorized to extend immunity to them, them being Carr and Glibbery, and that Mattes was the one who had authorized him to make these representations to Carr and Glibbery.

The ultimate allegation was that Mattes through Glibbery--through Avirgon extended immunity to Carr and Glibbery. Of course, it was only hearsay, but we--Mattes also told the agents on March 12 or March 13--March 13, the day he got back form Costa Rica, he admitted speaking with Carr and Glibbery and some of the other mercenaries who were down there and he told--Mattes told the agents that he advised Carr and Glibbery and the rest of them not to talk with the Bureau unless Mattes was present. I basically told John that, number one, if he was authorizing or extending immunity to witnesses, that is improper, because he has no authority to do that. Number two, he shouldn't be going around telling witnesses not to talk with the FBI. You know, this is reflected in a report, reflected in the 3-21 report. I told John that he can't go around telling witnesses not to speak with the department, not to speak with the Bureau. You know, I said that's just not the way to do it. He can't do that. You are not authorized to do that.

. I advised Mattes that there's a likelihood that if we impaneled a grand jury he would be called as a witness because he took statements from Carr and Thompson--Carr and Glibbery who at the time were subjects and the statements to him were evidence, and that was essentially--that was essentially it. We had a very long discussion. I think the whole meeting took about three and a half hours and had 13 pages of notes that I took.

. We left with the understanding he would come back on March 18 and continue where we had left off. That is basically--at that point it ended with Mattes.

. On March 17, I spoke with Tony Avirgon in Costa Rica and basically advised him I was coming down and was trying to work out a date. I have a note that Avirgon advised me not to travel the week of Easter, advised me to travel 4-7-86, advised me Mattes was in Costa Rica with a staff person and Senator Kerry. That was surprising. I did not know he had been with someone from Senator Kerry's office. Mattes advised me he and his wife were targets of a grand jury investigation, said he would send copies of all correspondence and articles to me. I didn't know where John got that from, but marked Honey being a target or him being a target of a grand jury investigation. At this point Mattes was starting to go off the deep end.

It was also on the 17th that we got a phone call--when I say we, I am not quite sure who got it. My recollection is that Leon told me Justice had called him and requested a continuance in the Garcia sentencing. Between March 14 and 17, it was a lot of momentum building up. We were supposed to--Mattes--Garcia was supposed to be sentenced the following day--no, two days later, the 19th. We filed a continuance. It was granted. That at the time was the second continuance. The third continuance now on sentencing. The first continuance was January 14 of '86 and February 11 of '86; those were both continuances filed by John alleging that sentencing should not occur because Garcia was still cooperating. Then we filed the continuance on the 19th.

Q What reasons did you give?

A Just that--I could show you the continuance. I have it here. For the record, I am showing counsel the continuance filed on the 19th by the department. I filed the continuance at the department's request.

Q Did Kellner tell you who at Justice called him?

A No. Somehow or other, I think--the impression I got, it was Mark Richards. But I'm not really sure.

I have a note here that on the 19th I met with

George Kyzinski. Going back to the 18th--on the 18th we were supposed to meet with Mattes again and we had waiting at my office DCDA's Kevin Currier, George Kyzinski and I believe Diaz' boss, one of the agents from SIS.

Rather than going on recollection, let me read you portions of a letter that I wrote to Mattes that was never sent out. You will understand how this fits in in a moment. In the letter dated--that I wrote March 31, 1986, I referred back to the incidents of March 18. In summary, Mattes never showed up and the second paragraph reflects that ''On March 18, 1986''--quoting directly from the letter--''we were supposed to have met in my office at five p.m. You indicated to me earlier that day that you would attend this meeting. The purpose of this meeting was for you to discuss with us the names of other individuals who corroborate your client's story. However, at 5:15 p.m. you had still not shown up in my office. At that time I called you and you indicated to me that you were not free to reveal the names of the corroborative witnesses because an individual named Ron Rosenblith, a staff member from Senator John Kerry's office, but it was Kerry's office who told you not to cooperate with the government. Your letter gives the impression that you had discussed this topic with me''--for the record, the topic was the existence of corroborative witnesses--''but that I have not taken affirmative action

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with respect to it. Obviously, this was not the case because you refused to reveal the names of the witnesses who can assist us in any investigation we may undertake.''

I also have a note made contemporaneous with my phone call to Mattes on the 18th. I have a note here, ''spoke with Mattes, told him not to talk.'' And he gave me the name of Ron Rosenblith, the number 224-2742, Senator John Kerry.

MR. McGOUGH: Read that again.

THE WITNESS: 224-2742.

Things were starting to get odd now. The day before Mattes told this reporter in Costa Rica we are getting ready to indict him and his wife. The next day I find out--I found out also he had been in Costa Rica with someone from Senator Kerry's office. I found out on the 18th Senator Kerry's office is advising him not to cooperate with the department any longer.

We then went ahead and--reading from my notes from March 18, I imagine while waiting for John to come we had a brief discussion. We talked about [redacted], about the confidential informant Diaz had, a man named [redacted]. The notes reflect I spoke with Mattes. He was no longer cooperating. Then we wrote out a list of people who were targets. I need to be very careful with this, because there were many lists that were written out. At this point we are

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just dealing with various allegations and people who we should stay away from initially because of fears of immunizing or giving the appearance that they were cooperating, basically sticking with people who we felt were witnesses without problems. . Even--I look back on this and I see compared with what I have today that witness list was wrong. But, in any event, we wrote out a list of targets. We had Renee Corbo, Frank Castro, Jose Marcos, Francisco Chinez, Rafael Torres Jimenez, Francisco Hernandez, Jose Macias, Pedro Hill, Philepe Vidal, John Hull, Tom Posey, Jack Terrell, Bruce Jones, Sam Hall, Feko Rojas, Juan Perez Franco, Steven Carr, Robert Thompson, Peter Glibbery, John Davies, Claude Sheffard, Sandra Corbo, Alan Saum, Allen de la Malera and a man named Rica Bassas, B-A-S-S-A-S. I tell you at the time I had no idea who half these people were. There was another investigation going on into a bombing of the Continental Bank in Miami. George Kyzinski was involved in that case and during the course of that investigation he discovered that Renee Corbo and a bunch of these other Latin people may not have only been involved in the bombing but were involved in training people at the paramilitary camps and sending them down to Costa Rica.

. At this point I could see that the case was starting to broaden. We got--we were not only looking at

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these allegations of assassination plot, but George was basically broadening the case by looking--bringing into this case the neutrality allegations that had been discovered in this prior investigation.

So in all candor at this point I really had no idea where we were going. I just knew we had something. My basic approach is if you stick with it and pursue it, you will ultimately get an understanding of what is happening. We just started doing that.

On the 18th we also drew up a list of witnesses. Daniel Vasquez, Senior, Daniel Vasquez, Jr., Ron Boy, the pilot of the March 6 flight, George Fredlan, Jaime Ortega, Beatrice Rodriguez, Hector Cornea, a maid at the Howard Johnson's Airway Hotel, custodian of records, Martha Honey, Tony Avirgon, John Mattes, John Maiestre, Jesus Garcia, Jack Terrell, Alan Saum, a man named Marcelano Rodriquez and a man named Jose Soaz.

I can't underline that--the accuracy of these lists today obviously have very little bearing to what is going on today. I just want the record to reflect that. This is just notes we are making.

BY MS. NAUGHTON:

Q I understand.

A Even after Mattes said to us that he wasn't cooperating, we were still going through and pursuing the

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allegations his client was making and also beginning to look into the broader neutrality allegations.

The continuance that was requested by Justice was actually filed on March 19. On the 19th I called Martha Honey, told her we were coming down on March 30 of '86, and she said she wanted her lawyer present but she will cooperate and put us in touch with other people in Costa Rica who have information and to call her back. I have a note I met with Kyzinski as well on the 19th.

Within the five days of the March 14 meeting, we had made plans, definitive plans, to go to Costa Rica and interview these mercenaries who at this time, based on my notes, I would say were targets, subjects, whatever. They were all read their rights when we were down there. In my mind we were treating them as people who could be indicted because of their alleged participation in this assassination plot.

BY MR. McGOUGH:

Q Let me back up. You said you told Martha Honey you were coming down. When? When did you tell her?

A I told her--

Q I believe you said on March 19 you told her you were coming down on--

A March 30. Let me take this out.

I have a terrible habit of not only being redundant but verbose. If I get to the point where it becomes intolerable, just let me know.

Okay. On March 21 I have a note in my book, my date book, to make travel arrangements to go to New Orleans to interview Jack Terrell. Jack Terrell had previously given a statement to an FBI officer in New Orleans. He was someone that we had known about. You could tell at this point there was a great deal of momentum. Made plans to go to Costa Rica. I would have gone sooner, but I didn't have an official government passport. I had to submit my paperwork. In the interim, we decided that we would go to New Orleans to interview Jack Terrell. I went with George Kyzinski. We took a statement from the infamous Colonel El Flako. At that point the investigation again--I say changed. It didn't change. There was more stuff added to it. I came away--I went to interview Terrell because he allegedly had information about the assassination plot. When I spoke to him about the assassination plot, I found out the same thing that I found out from Garcia. Ultimately when I asked Terrell on March 27 where he had learned about the plot from, I will read you my notes. He told me that he had learned--he learned about the alleged meeting where the assassination plot occurred, he learned about it from Philepe Vidal, Martha Honey, Peter Glibbery and Robert Thompson. Thompson and Glibbery denied any involvement.

Ultimately later denied any involvement in the plot and we--there is physical evidence to corroborate that. Philepe Vidal we have not spoken to. Martha Honey, again, she was the common element. That was the same person Garcia had spoken to and it was the same person that Terrell had spoken to. What we did come away with, Terrell, was a bigger picture of Tom Posey's involvement with the FDN and CMA's attempts to put mercenaries into Costa Rica under the guise of trainers, being trainers. In all candor, for me to say anything more about that at this point I think would be overstepping the boundaries that I have been given. We are looking into those matters now.

. BY MS. NAUGHTON:

. Q We don't want any post December 4th information.

. A Okay.

. Q At this time let me back up to Posey a minute. Did you learn that Claude Sheffard was helping recruit mercenaries?

. A No. What we learned was that--at the risk of breaking the rules a little here--I learned from Sheffard that he had come to the United States basically looking for work and he was friendly with a man named John Keyes in Massachusetts and that Keyes got in touch with Posey. I think there was an article--I think Sheffard told me there was an advertisement in some magazine, a military magazine.

Keyes was the one who got in touch with Posey. They arranged for Sheffard to go with the CMA to Honduras in November of 1984. Then he was re-recruited by Posey in February to go back down to Costa Rica.

. In terms--to answer your question whether or not I have ever heard about Claude Sheffard recruiting other people, the answer to my best recollection is no.

. Q Okay.

. A When I came back from New Orleans, totally, totally psyched up about this case, the things that Terrell told me were exciting in and of themselves, but he not only--he gave me more than words. He gave me newspaper articles that had been written about his exploits in Honduras, and he had given me some other corroborative information which led me to believe that what the man was saying was true. Terrell was no stellar individual. He had his problems in the past. Without--there would be a real question in my mind whether or not I would have believed him if he didn't have the materials. The materials he provided me spoke for themselves. It was obvious what he was telling me with respect to his involvement in Honduras in November of 1984 was true. So when I came back to Miami on the 26th, I would say that I came back believing that the bigger focus now was the paramilitary activities of the CMA and Terrell, Posey. There was still the question about Renea Corbo. He had been

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under surveillance which ultimately ended in failure. They never got anything out of it. There was still historical matter about the March 6 shipment that Corbo allegedly took down with Carr and Thompson.

As far as the assassination plot was concerned, I think that started fading. It faded even more when I spoke to Terrell on the 27th by phone. He told me his information was hearsay. What happens, I got so caught up in the paramilitary plot he was talking about in Honduras I forgot to ask him the key question I wanted to ask him. That was how did you find out the information about the assassination plot. On the 27th I called him back and had an extensive conversation with him. I learned at that time it was just hearsay. He had no direct information.

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. So I spoke with Leon on March 27th and we talked about apparently--my recollection is we talked about my Terrell interview and--sent me to find out about an assassination plot. I didn't come back with much about that, but I came back with the paramilitary plot.

. Everything--things--I think--everything was convoluted. It was just a big mess. There were thousands of allegations flying around. We had begun shipments, an assassination plot on an ambassador, we had mercenaries in Honduras, and it was obvious that there was something going on, but it was--at that point, it seemed beyond comprehension.

. Q Specifically, obviously Hall's farms in Costa Rica, the people you want to talk to in Costa Rica, was it your sense at this time that this paramilitary activity was active in Costa Rica or in--

. A No. It was obvious what we were looking at were people who were attempting to assist the contras, but there was--there were common threads through all this; but for the most part, when I got back from New Orleans, instead of narrowing and clarifying what I initially began with, it just became more confusing. And Leon was real confused as was I. Leon still--I would say at this point that his

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enthusiasm began to wane a little bit.

I recall that he was sort of questioning whether I should go to Costa Rica; and on the 28th, we had--my notebook reflects a meting that was six hours. I have really no recollection of what went on in that meting, but it ultimately ended with his advising me to go to Costa Rica.

. Q That is on the 28th?

. A That is on the 28th of March.

. Q You met six hours with the U.S. Attorney?

. A Yes.

. Q You don't know what you discussed?

. A No. I wish I had taken notes.

. Q Yes.

. A Basically, what we--there were many discussions. Many discussions that I have with Leon were impromptu. I know that is hard to believe, but I give you my word I have no real independent recollection of what was discussed at that meeting other than to say that when I finished it, I was told to go to Costa Rica and interview these mercenaries.

. Q Was the discussion about this case?

. A Yes.

. Q It is not about some other case?

. A No. No. No. It was clearly a discussion about--when you say this case now, you are not only talking about Garcia, you are talking about Corbo, Terrell. It was like just sitting at a table with several bright people trying to figure out what the hell is going on. No matter how hard I tried, there was never any real organization to it.

When I--at some time around the first of April, or even before, I started developing charts.

For the record, I am showing counsel the charts that are under the portion of the notebook labeled 3/31/86. The first chart is marked January of 1985.

I don't recall when these charts were prepared, but I found them in my notes. At least one of them was prepared before I went to Costa Rica, which was March 30. Around the time I had this meeting with Leon, I would say that some of these charts were being prepared.

Basically, the first chart shows Oliver North, National Security Council, Staff Intelligence Adviser, CIA; Rob Owens, State Department, something AID; John Hull. From Hull, I have two lines to Bruce Jones, Jim Demby. Then I have a line from Hull to a line which is--marked with our day, fine, the FDN, under that I have the Cuban allegiance. I tend to believe this first chart came after I got back. It is too complete.

Q So it would be like late April?

A I don't know. We are trying to make sense of what we had. I really--you know, I sat here and tried to figure out how I even found out about Oliver North. Mattes was talking about North. My earliest notes even showed a reference to North.

But I really--this will become more significant when we get to the Costa Rican trip. I started in my own mind trying to put the whole picture into perspective. I would think that these charts, all three of them--one of them at least represents my understanding of what was happening.

Q Do you recall when you first heard of Robert Owen?

A Well, it had to be early on. There is a reference in the FBI memo that I referred to earlier about Mattes mentioning something to the agents about Owen in February. That seems so far away, so removed from what we were--what I was sent to look at.

These things were floating around. What I was trying to do, because Leon was--he insisted on having an understanding of what this was about. We need to know what this case is about. I don't know if you have ever been in a position where your boss tells you, ''Tell me what this case is about,'' and you really don't know what it is about. I did my very best to come up with a schematic, to explain the little bit that I thought I understood about the events we were looking into.

Q What was your understanding of Robert Owen? What did he do?

A You know, I really at that time don't know. I just knew he was involved. Everybody was saying he was involved. Mary Mats was telling me Oliver North was running a secret war from the basement of the White House. Do you believe that?

Q Did anyone tell you that about Mattes?

A What is that?

Q Did anyone tell you that about Mattes?

A I heard it from several sources. I just don't recall.

I knew these were just allegations. I had real--my impression now, my recollection is that just through the information we gathered, these names came up, I had nothing really behind the allegations. Just that people were saying they were involved.

I think that much of this came from a Common Cause article that Jacquelyn Sharkey wrote during the fall of 1985. There was reference in there about John Hall and Peter Glibbery mentioned he was getting money--Peter Glibbery mentioned John Hall was getting money from the National Security Council. I saw that article way early on. That is, I think, primarily how I got the information.

In fact, I think there was reference to Rob Owen in that article. It wasn't--the bottom line is that my recollection is that I didn't have any direct evidence that North and Owens and Hull were doing A, B and C. It was just from the various things I was reading and from the various conversations I was having with people, their names had come up.

. I can't tell you if any of these charts were discussed on the March 28th meeting with Leon. All I know is that we had a long meeting and I didn't know until the last minute whether or not I was going to Costa Rica. Ultimately, Leon decided to send me.

. THE WITNESS: Can we take a break?

. [Brief recess.]

. BY MS. NAUGHTON:

. Q Unless there is something else, can we take you to Costa Rica?

. A That is the next step. Okay.

. Q Okay.

. A Let me put on the record, during the break, there were no off-the-record conversations about any of the matters.

. Let me--before we move to Costa Rica, let me show you one last thing. Mattes was getting very ''hinkey'' right before I left.

. From the 1th, the conversation where he said Senator Kerry advised him not to cooperate or his staff person, the remarks that Tony Avirgon made to me; and finally, on the 28th, when I received this letter I am about to show you, something was up.

. There is a very informal way of communicating with the Public Defender's Office. You rarely use letters, let alone certified letters.

. On the 28th, March 28th, I received, for the record, a letter dated March 27, signed by John Mattes. This later is odd, number one, because it was certified mail, return receipt requested, and it is now--what is it, the 18th--almost nine days later, nine days after he advised me that he no longer was cooperating with the government, he sends me a letter begging for an informal, written cooperation agreement and the fact there were other people who wished to seek such an agreement with my office.

. That directly--this letter directly contradicted what he told me on the 18th. I wrote him a letter on March 28. The letter I am showing counsel is dated March 31, but that was the date it was typed.

. On March 31, I was in Costa Rica. The day--the day I left the office, March 28, I dictated this letter and it basically reviews my train of thought and I think the train of thought of the office at this point in the investigation.

. Really, I--I advised Mattes his letter suggests that we have expressed disinterest in the efforts or the corroborative work or evidence that he had gathered. That was obviously wrong, because he advised us that he was not going to give it to us.

. I advised him of conversations that I had with a key witness in his client's case and reminded him as soon as I finished those conversations with the witness, I called him, John, and advised him what the witness told me and advised him that, ''Since Sam was currently the focus of your investigation, I feel--'' there is a blank, this letter was never retyped, never sent out--''I feel it was incumbent upon me to reveal to you the substance of any conversation which I may have had with him.''

. Above that, I say, ''I don't want to take the chance of withholding any material which you may deem to be Brady material.

. This letter was not sent out. When I spoke with Dick Gregorie about it, who was the Chief Assistant, I spoke with him while I was in Costa Rica. He felt by answering the letter we were basically playing into his hand. This response never went out.

. In fact, I just found this letter, the March 31 letter that I dictated to Mattes, I just found that in my o[illegible]n file on April 27 of 1987. It was incomplete. It had never been retyped. So that is why the blank is in there.

. Anyway, I leave for Costa Rica on Sunday, March 30.

March 31, we went to the embassy and the first people we spoke with were George Mitchell and Jim Nagel. Mitchell is the security officer and Mitchell is an Assistant security officer.

. I have a note here that one of them advised me of the names of the people who are interested in our investigation. He also advised me that Ed Walsh, Voice of America Security Officer, [Knew/?] now John Hull. It says Hull is tight with President Reagan.

. At this point, when I left for Costa Rica, Hull was a name that was fixed in my mind. I think a lot had to do with the Common Cause article.

. Jacquelyn Sharkey interviewed the same people I was going down interviewing. It kept coming back to Hull, Hull's name kept coming up as an important figure. I advised him I was down there to speak with several people. One was John Hull.

. Actually, I was advised by Mitchell and Nagel Ambassador Tambs wanted to speak with me and he is entitled to know everything I was doing. I was fighting with myself at that point because there were obviously high government officials involved in the questions I was asking. I was going down there determined to find out if there was an assassination plot, but on top of it, I was determined to find out what the hell these guys were doing down there in the first place and whether or not they were sent down there surreptitiously by any agency of the government.

So I wanted--went into Ambassador Tambs' office. I finally decided I was not going to withhold anything from him and I was going to tell him exactly what questions I was down here to have answered. I pulled out my little chart with Oliver North, Rob Owen, and John Hull. The ambassador turned white.

Q I guess.

A The only thing he said when I pulled out the chart was, ''Get [redacted] in here.'' Those words are indelibly imprinted in my mind.

Q [redacted]?

A Yes. ''Get [redacted] in here.'' In comes [redacted] knew that he was dealing with three people who had only seen the tip of an iceberg and was discouraging, I would say--not discouraging, but basically trying to rip the credibility of the various people who were making the allegations that we were exploring.

I started taking notes. He got very upset. Not very upset. That is not fair. He just said, ''Don't take notes, don't take notes.''

Q Excuse me. Was it explained to you [redacted]?

A He said [redacted] I didn't even know what that meant. [redacted] Obviously--when I left, you have to understand, when I left Costa Rica, I was going down to do what I normally do when the United States Government sends me to travel; to go down, eat breakfast, stay in a jail for eight or nine hours, and visit with witnesses, get dinner, and that is it. You know.

Then when Nagel told me that--or Mitchell told me the ambassador wanted to see me, I was pretty impressed with that fact.

When the ambassador said he wanted me to speak with [redacted] I sort of had an inkling who that was. When [redacted] said to me, [redacted]

At that point, I felt that we had gotten a lot farther than I thought that we would ever get on this trip.

So I went down and just went for it. You know. I started asking him questions and I later wrote a summary of my interview with him.

I will show you this in a moment.

Basically, he was introduced to me [redacted] [redacted] I asked him what that meant. [redacted] [redacted] I spoke to him. I have a note here ''Spoke with him with Ambassador Tambs present,'' and [redacted] told me

John Hull was [redacted]

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[11:30 a.m.]

Q Prior to the Boland Amendment?

A Right. I will go on. He says Hull has not been involved in any military capacity either for the U.S. Government or the Contras movement since March of 1984, since Hull provides medical assistance to the Contras. He describes Hull as a patriotic American, says we should talk to Corbo, describes Corbo as a pain in the ass, says he is a renegade without any ties to--says Corbo present has 50 people operating in Costa Rica out of Hull's Ranch. Requested we contact him if we take action against John Hull. Believes Martha Honey and Tony Avirgon tied into September murder. Avirgon are Sandinista agents or have ties to Sandinistas, something about tipping off with regard to travel.

I also remembered him telling me that when I said John Hull, he said--when I talked about Oliver North, I said, ''Do you know if John Hull knows Oliver North?'' And he says, 'Certainly'', I could tell you--and I asked about Rob Owen, he said, ''I can tell you for a fact John Hull knows both Rob Owen and Oliver North.'' He cautions me, he said, ''Do you know who Oliver North--let me tell you who Oliver

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North is. Oliver North is the person who introduced me to the President of the United States last week.'' He emphasized that Hull knew both Owen and knew North but was basically casting an eye on me for even questioning the possible criminal involvement of these people in the activities that we were discussing.

. Q Did you ask them if they were involved?

. A Not really. This conversation just like totally took me by surprise. I did not come down prepared to speak to [redacted] and, in all candor, I really didn't have the understanding I have now. I often wish I did. It was a grand opportunity, investigative opportunity, and you got to understand something--you know, at the time I was 29, Assistant United States Attorney, I am with an Ambassador of the United States and [redacted] [redacted] and I was concerned to even raise some of the questions here, because obviously I did not feel that comfortable with the situation.

. Q Sure.

. A I didn't want to step on toes.

. Q All you need is for Shultz to call your boss.

. A It was just, in retrospect, I thought I was aggressive even asking the questions I asked, even pulling out the chart. But I would have been more aggressive. I should have been more aggressive, because history has basically spoken.

Q You wouldn't be here.

A That is right, maybe. Who knows? But that was basically what I gathered.

The whole tenor of the meeting was weird. The Ambassador was, I want to say smug, but he sat back, smoked his pipe, didn't say a word, let [redacted] do all the talking. It was so obvious [redacted] was seriously bothered by our presence there, and the fact I was even asking questions, and you will see later on it was--my impression was correct, and it was just like, let's hurry up, tell me what you want to know, and let's get out of here. That is what we did, spoke for a little bit.

Q Was it your impression that Tambs had heard this all before, or did he interject with questions?

A My--what I remember about Tambs was I walked in, introduced myself, I said, ''Mr. Ambassador, we are here to have some questions answered, one of them is a plot against your life.'' He laughed. He thought that was a joke. I said, ''We are also here to pursue some other allegations, and I had a chart that can give you an idea of what the allegations are.'' I pulled out the chart, and he obviously became distressed, and he called [redacted] --the impression I had was that he was treating us like he had us on the tip of his finger, and we asked--the agents said--two agents basically kept quiet, I did the questioning, and I remember he was basically giving me some background, and I remember getting the guts up to ask him if John Hull worked for the CIA, and he smiled. That is when he told me about this stuff prior to March of '84. That was basically it.

But I could tell when he left, he thought that he had--he was directing us, go after Corbo, leave these other people alone, and let me know what you are going to do with respect to Corbo, Chamorro, blah, blah, blah. So we went on our way, and the next couple days we spent at La Reforma.

Q That is the jail?

A Yes. We spoke with the mercenaries; and we were not allowed out there without someone from the embassy accompanying us. Jim Nagel came out with us. We split into teams. Kevin Currier and I spoke with some, and Jim Nagel spoke with some, and we, all three of us, spoke with John Davies. I think that was the only interview where someone from the embassy was not present with us. I had also spoken with Welsh, a security officer with the Voice of America; he told me he knew John Hull, that he considered him a close friend, Hull and several others owned several ranches in Costa Rica. He had been to Hull's ranch numerous times. He believed Hull is a true American, hates Communists, said Hull has a radio and George Mitchell cleared this.

Then he said Hull reports to someone in the embassy, but never saw evidence of military support of Contras on his ranch. That was all on the 31. Then I think from 4-1 to 4-3--those were the days we did the interviews--on 4-1, I got a phone call from John Hull requesting to speak with me in San Jose on 4-2, 4-3. I said, ''Fine''.

And then on 4-2, we started getting--it got to a point down there where I wouldn't even speak in my hotel room. I really didn't feel comfortable. I felt perhaps we were being watched. I really didn't know, but there were just certain, we were being treated like we were the enemy and we had no business being there, and it started really on April 2 with Jim Nagel. Nagel made a comment to George Kyzinski which George reported to me on April 3. I wrote a note on April 3 of the conversation I had with Kyzinski. He told him at LaReforma Nagel asked George how long Feldman has been in the business and how long Kyzinski was in the business. Kyzinski asked Nagel why he was asking. Nagel said the U.S. Ambassador is the law, and we are here through his graciousness, there are other agencies that had their operational requirements, and we should not interfere with the work of these agencies. That was the start.

Then on 4-3, John Hull called me at 8:15. He was supposed to meet me at 8:00 o'clock at Hotel ~~Bougainvillea~~ Bougainvillaea. I think it was down there. And he calls me up, there was a different John Hull from the man I had spoken with on the 1st.

Q What do you mean?

A Well, on April 1, he called me. I had his home phone number. It is in the back of my book here. And I had left a message for him, and he called me back, and the man was really, he wanted to speak with us, and I began--this is the second big surprise. I didn't think we got a chance to speak with Hull when we got down there.

Then on the 3rd, he doesn't call up and calls me 15 minutes late and says that he, said on advice of counsel, he did not want to speak with he, he said, ''We are pissing off many people in the Costa Rican Government''. He said he thought we were here to take down Martha Honey and Tony Avirgon because of false representations about them, and he has learned differently.

For the record, I am reading from my notes. He said he was a Costa Rican citizen, and I told him that we would interview him about Rene~~e~~ Corbo. He said he couldn't say much about him, and, most importantly, he denied the U.S. Embassy advised him not to speak with us. He denied that.

Q Did you ask specifically about anyone at the embassy?

A I just said, ''Did anyone at the U.S. Embassy advise you not to speak with us?'' He said, ''No. I am a Costa Rican citizen, I have nothing to do with the U.S. Embassy.''

. Well, at that point we had nothing, no real reason to hang around the hotel, so we went off to the embassy, and as we walked through the door, I saw Kirk Kotula. Mr. Kotula said ''Good morning,'' we said ''Good morning''. He said, ''By the way, John Hull came to see me yesterday''--I am reading from my notes, which were written almost contemporaneous with these events. I wrote them shortly after this happened.

. Kotula said Hull came to see him yesterday, Hull advised him that he contacted us and wanted advice about our purpose, and Hull wanted to know whether he should talk with us. Kotula advised Hull not to speak with us without an attorney.

. At 9:15--obviously, something was up because 40 minutes before the witness told me he had little or nothing to do with the government, because he was Costa Rican, and he outright denied that he had any contact with these people at all and that he had received no advice regarding whether to speak to us, and then Kotula is telling me 40 minutes later he had advised Hull not to talk. I caught Hull in a dead lie.

. Then Nagel spoke to us at 9:15, and he said that

Mr. Hull had spoken to the Ambassador the day before and that he had also spoken with Kirk Kotula--we saw Kotula, Kotula said, I advised him not to talk with us. Then I saw Hagel, and I found out not only did he say Kotula, but the Ambassador and Kotula advised Hull not to speak with us without counsel, and Hagel said Hull is a friend of Ronald Reagan, if you understand what I mean, Ronald Reagan knows who John Hull is, you know politicians.

. And then this was--on April 3 at 10:30 a.m., I spoke with Paul Fitzgerald. He was a nice gentleman, worked with Kotula.

. Q Is that the embassy?

. A Yes. He is Vice Consul.

. Q His name is?

. A Paul Fitzgerald.

. Q Since we weren't going back to La Reforma that day, I went over to the Consulate and pulled the files on Carr and Thompson. Fitzgerald was the one who was certifying them, and I have copies of the letters.

. As I was speaking to Fitzgerald, I asked if he saw John Hull recently. He said yes--I am reading from my notes--

. Q Fitzgerald saw Hull?

. A Was in Kotula's office yesterday. Kirk told Hull had been contacted by the National Security Council and the Voice of America during our visit.

Q Hull had been contacted?

A By the National Security Council and Voice of America regarding our visit.

MR. MCGOUGH: Who told you that?

THE WITNESS: Fitzgerald.

It got to a point [redacted] wouldn't say hello to us. We are Americans and members of the American Government doing investigative work, and I remember sitting in the restaurant at the hotel wondering whether or not there were people there watching us. That is the kind of--that is how it got down there. We were made to feel very uncomfortable, and I remember the last day after all this happened, the Ambassador wanted to see us again on the 3rd, almost like a send-off, a fond farewell, and also to get a report from us about what we discovered.

I remember that I wanted to speak to the agents, and I was in Mitchell's office with Nagel, the three of us were there with Nagel, and I saw Nagel. He bothered me, he really bothered me. He was like the House snitch in the embassy. I remember Nagel followed us wherever we went, and I said to Nagel, ''You stay here, we are going out there, we are going to talk.''

The three of us went outside in the hallway and spoke, and then we were brought up to the Ambassador's office, and I basically told him the people supposed to be involved in the assassination plot denied involvement, and I didn't go into the substance of my conversations with the people, and that was basically it. I remember saying something about John Hull.

BY MS. NAUGHTON:

Q Did the Ambassador ask you what you had found out?

A No, he didn't really ask me much of anything. He was just listening. [redacted] wasn't there, and he was very polite. I want the record to reflect he was never rude to us himself, but there was--between Hull's comments we were upsetting many people, and the way Nagel was always around and the little hints we were getting, it was apparent we were stirring up some problem.

I don't know how significant this is, but I am just going to show you something here. When the allegations, not allegations, but when my memo was leaked, somehow or another the Miami Herald and some other papers got a copy of the memo I wrote, and there was a reference to the treatment we had gotten in the embassy, and when the Herald saw the footnote about our treatment at the embassy, they called Kotula and asked if these events occurred, and he said, no, that I was lying, and that everything was like totally untrue. He said that he treated Hull just like he would treat any other American citizen.

And that statement was remarkable in light of the fact I found these letters in the file. The record should reflect I am showing counsel a letter on John Hull, Clark's stationery, dated November 5 of 1985. Let me just--certified correct by Paul Fitzgerald, Vice Consul of the United States of America, a letter that was attached to this correspondence from Hull dated October 30, '85, to Mrs. Edward J. Carr and certification of that, a letter sent from Stephen Carr to Kirk Kotula, an affidavit dated March 9 of '86, signed by Peter Glibbery, that was in one of the files, and an affidavit signed by Carr, dated March 9, a note: ''Merry Christmas, John, Pete is still being hard headed, I have chosen my course as of today. Why don't you take a look at that? You might find some significance in those.''

. The most outrageous thing is in one of the letters Hull was requesting visa favors for one of his buddies, and Kotula had the nerve to tell the press Hall was just another American citizen living in Costa Rica.

. Q The letters from Steve Carr, were these after his incarceration?

. A Yes. There is a whole other side to this. Honey and Avirgon are chasing the story about La Panka--I don't know if you are familiar with that.

. Q No.

. A La Panka was at the Pastora jungle camp. I think on March 20, 1984, Pastora called a press conference in the jungle. They invited a bunch of journalists. Someone set off a bomb. Three journalists were killed and several maimed, one of them Tony Avirgon.

From that point, they set off on a hunt for the killers. Somehow or another, Honey and Avirgon were able to link Hull to La Panka, and they sued Hull in Costa Rica, and Hull was afraid of Carr, Glibbery and the rest of them because, without going into what we discovered, the allegations were that Hull had recruited or was taking part in the recruitment of mercenaries down there and were using Carr and Glibbery and these other people to establish that Hull was working on behalf of the United States to bring mercenaries to fight the contras.

And I guess they were using that to corroborate Hull's involvement with the CIA. She was trying to prove La Panka was a CIA plotter, or whatever. There was a fierce battle between Hull, Honey and Avirgon with respect to Glibbery and the rest of them. Carr and Glibbery and the rest of them believed that Hull was the key to freedom and that if they supported Hull, this is initially, they wouldn't have a problem. They trusted Hull would get them out.

When Hull didn't get them out, Carr started making statements to the press, and he basically gave, took the position that Hull was the CIA operative. And apparently

Stephen realized he had made a mistake in doing that, and just referring to the letter, dated February 12, here you can see that--it was used by journalists and made an error--what is that?

. All of the manipulations came from extreme leftist organizations. It's the course I want to take. Because I can't take any, can't take back my previous mistakes. Kirk Kotula was obviously involved in trying to get Carr and the rest of these people to recant their statements regarding Hull's involvement with the CIA and with any other American agency, and he knew about it, and apparently Hull and Kotula had corresponded about it, because the letter, dated April 1, April 1 of '86, Hull writes Kotula encloses a letter from Robert Thompson, testimony from Carr that might help us rattle Martha Honey's cage.

. I guess the whole point--you need to have that background to understand some of the references that were being made in the correspondence.

. Q The Honey suit had already been filed, right?

. A Right. But it had still not been tried.

. Q Was that in the U.S. Courts?

. A No, no. The Daniels-Sheehan suit was not filed until May 30. The suit in Costa Rica was pending and was tried, I believe, in July, or June.

. Q Was Robert Owen a named defendant in either of them?

A I believe he is named in the Honey suit in the Southern District of Florida.

So that basically ends the trip to Costa Rica. What I wanted to mention, going back just for a second, even after Mattes advised us that he wasn't going to cooperate with us. I continued to cooperate with him and pass information on to him, and there was--on 3-28-86, I spoke with John Mattes, I was advised--I called him to tell him about a conversation that I had with Alan Saum, but he was not in the office.

Also, on 3-26-86, I spoke with Saum and again advised Mattes. There was a third conversation, which we will get to in a few moments, where Mattes was on the phone, and we spoke with Saum. I just wanted to put that in here because I have it in the chronology. We came back, I came back from Costa Rica, once again totally, totally thrilled with what I had discovered. I had no definitive proof that North and Owen and all these people were involved, but I just knew that there was something, something was going on based on the way we were treated.

I had also learned about the recruitment of mercenaries in Miami, Stephen Carr admitted he had been recruited in Miami.

Q What did Carr and Glibbery tell you, if anything, about how far up this went? Did they mention North, did they mention--

. A The name, North, never came up. We heard Owen's name and just that he was down there, and it was just like, there was always something mysterious about that, because everyone always talked about the North-Owen connection. But all I ever was able to prove, or, you know, able to find out in Costa Rica about North and Owen is that Owen had come down to visit John Hull sometime in late February or Early March--no, late March, early April. That was it, that he was down there.

. Quite frankly, [redacted] had already confirmed to us Hull and Owen knew each other. But, basically, what we did find out was that Rene Corbo was involved, that he had recruited mercenaries, they had flown the guns down on March 6, although Hull admitted he had never seen the guns, he only saw the boxes, and that Corbo told him there were guns in the boxes. But he had never seen the guns themselves in Fort Lauderdale, which was a direct contradiction of what he had told someone from the Miami Herald in July, '85.

. But, you know, there was also allegations about [redacted] So it was very exciting.

Again, we came back, and it was adding more and more allegations to this already confused mess that we had, [redacted] But, again, it was--we knew something was there, I knew something was there. It just needed to be, it needed to be investigated, but there was really no overall understanding of what we have, just a bunch of different allegations which appeared to be true.

So I came back, and on the 4th of April, I met with Leon. It was the day I got back from Costa Rica. I remember Ana Barnett, I remember Larry Sharf being there, I don't remember if Dick Gregor~~y~~ie was there or not, and Leon was there. I went through the chart that I had shown to the Ambassador, and that was the first time we talked about the Boland amendment. And that became a topic of conversation.

I remember asking questions, raising issues: Is there a criminal violation attached to violating an appropriations bill, was there a criminal section affixed to the Boland amendment, what is the Boland amendment? Just a lot of questions being raised.

When then asked, we started looking for the Boland amendment, couldn't find it. We asked David ~~Lamont~~ Liewant to pull a copy of the Boland amendment off the machine, and David came in three quarters of the way through our conversation and brought in the Boland amendment. I still have the copies he pulled for us. And we talked, and we came away from that meeting with the understanding that--we still didn't understand what we had, and I want you to write a memo.

. Forgive me for being presumptuous for a moment, according to the papers, it was at this meeting that Leon Kellner told me to slow down or go very slow. I don't recall any conversation, except for one, which I will tell you about, which occurred later on in the summer, I don't recall any conversation where Leon Kellner ever told me to slow down. Because, quite frankly, I wouldn't be part of it.

. I left that meeting on the 4th of April with an order I was to write a memo so that they could sit down and study what we had, and that was it. Leon--again, Leon's emphasis was assassination plot and guns. He didn't express a great deal of interest in a neutrality violation.

. And when I sat down and told him, I remember when I told him what Carr had said, Carr had not even seen the guns, and all of them denied being involved in an assassination plot, it was almost as if, as far as they were concerned, the major allegations of the case had been

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disproven, and it is not like he wasn't disinterested in the rest of it, but the things that were most important to him, as far as he was concerned, had no basis, in fact.

. So he wanted a memo, and that's what I basically started doing. So from that point on, I worked on the memo, and I had also--before I left for Costa Rica, I knew I had to come back and prepare for a fraud trial, which I had anticipated was going to take about six weeks to try. When I was down in Costa Rica, I told the agents there was going to be somewhat of a delay when I got back because I had to start preparing this thing, it was a monster.

. And I guess from--I guess from 4-7 until May 2, what I did--90 percent of the time was work on the boiler room--I also worked on the memo. I have a note here on 4-11-86 Leon--Leon, Larry Sharf, Ana, I believe Dick was there, and myself met in Leon's office. That was the day of the FBI shooting.

. Q Wasn't that the 1st?

. A No, I think it was the 11th. It was a Friday. I will tell you in a second. April 11 was the date of the shooting. That was the day Bryant and Robert Parry released an article, the first real article, about the investigation. And I don't know why we met on the 11th, but all I remember is I said to Ana Barnett, I remember telling them, and I felt foolish for saying it, but I remember thinking to

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myself that this case was basically fraught with potential problems, and I felt that there was a need to be concerned about appearances, especially because Leon's Presidential appointment had not come through at that point.

I remember talking to Ana about that, saying that Leon has not been appointed, blah, blah, blah, and I remember Ana and I spoke to Leon. He came back on the 11th. We had said to him that, just kiddingly, nothing real serious and facetious, we brought up the question about his appointment and just the other political concerns, and--I should be careful when I say that. I guess the easiest way of saying this is that it was a hot potato, this case was a hot potato. Leon looked me straight in the face, and he said, ''Politics are not for me to consider, the only thing that I need to consider is the evidence and the law, and I am not interested in politics.'' He was very sincere about that. That stayed very much in my mind, because I later came back to it in another conversation that I had with him in August, which I will get to. That was really the last big meeting I had with Leon, in April.

I have several references about getting notes from Kevin Currier. Also, I got an interesting letter from Mattes during april. He once--once again, Garcia's sentencing date was postponed, and he gave the reason Garcia is cooperating with the government. I don't know where he had gotten that from, because he indicated to us on the 18th that he was not. But he also--

. Q Let me back up for one second.

. A Yes.

. Q This conversation with--had he already spoken to Leon?

. A Yes. He didn't come down until the next day.

. Q This conversation you had with him is before the Attorney General comes down?

. A You had better ask Leon that. I wasn't at the meeting with the Attorney General. My understanding is, and what Leon has told me since, is that the meeting, I think, occurred in the lobby of the Baptist Hospital.

. Q But the conversation you had with him was the day of the shooting?

. A To the best of my recollection.

. I am showing counsel Mattes' letter, dated April 14 of '86. This is a letter I received from Mattes regarding my cooperation I extended to him. And the reason, you know, I don't mean to stress my, overly stress my relationship with Mattes, but the way I perceived this is that Mattes has accused me of obstructing his investigation into events that Leon said to have slowed down through the direction of the Attorney General, and, quite frankly, I feel that his allegations diminish my credibility because if you believe

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what he said to the papers, ultimately, it would make me look as if I were some kind of co-conspirator in this.

. The bottom line is if I did anything with Mattes, it was I tried to assist him, even after he attempted to cut his aid off from us.

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. Q Did he still represent Garcia at this point?

. A Only for a few more weeks. I would note during the period of time between March 14 and May 22, which was the day he was terminated, he never once brought to the court's attention any of the so-called improprieties that I or the agents had committed. And, in fact, he never brought to the attention of Garcia's counsel, and in the Garcia brief just recently filed, there is no allegation of government misconduct. The only person who brought the so-called improprieties--the only person that he raised these improprieties to was Senator Kerry.

. So on April 17, 1986, Mattes once again moved for a continuance. The significance of that is that Mattes' line now is that he was going to bring to light the North network and my role in it and my attempts to obstruct his investigation on March 19, but that Justice had moved to continue that sentencing here, and as a result, his opportunity to make the world aware of Oliver North and Jeff Feldman's attempt to impede the investigation was taken away from him. But here he is, on April 17, once again moving for a defense continuance of the sentencing.

. Q Let me stop you.

. A Go ahead.

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. Q After the Attorney General's visit, did Leon discuss with you any discussions he had had with the Attorney General?

. A No. No, not that I recall. The Attorney--I knew that Leon was having periodic contact with Mark Richard, but as far as Mr. Jensen or Mr. Meese, no.

. MR. MCGOUGH: When you say periodic contact, with regard to this investigation or in general?

. THE WITNESS: No, I think it was with regard to this investigation. That name was always around for some reason.

. Then I got this--this was interesting--you know, I am just basically giving it to you as I understand it. So if I am going off track stop me.

. On April 11--wait, not April 11--on April 21, I received this letter from Stephen Carr, and again for the record, I am showing counsel the letter dated April 11, 1986 from Stephen Carr, care of Kotula, U.S. Embassy. And Carr is basically begging for an opportunity to cooperate with us so he can get out of jail, and he mentioned Pete Glibbery himself had received a letter from Mattes, dated March 27, saying Rosenblitt and others are ''working to secure a safe return to the U.S.''

. And then he attached, Carr attached a letter that he had received from Peter Glibbery, and in that letter, again I am showing it to counsel at this point, Glibbery tells Carr, ''Today received a letter from J. Mattes, dated March 27,'' says that he has tried to phone us, but couldn't get through.

Then there is a reference to Ramirez, who Mattes had allegedly spoken to on several occasions. Mattes in his letter to Glibbery said RR and others are working to secure a safe return to the USA and that Mattes sent--what do the initials PLO stand for? ''Push Leon Overboard''. And Mattes goes on to say he will keep in touch with us very shortly and is thanking him for their help.

BY MS. NAUGHTON:

Q What is the PLO reference to?

A I don't know. I found that very, very bizarre. Push Leon Overboard. It may be Klinghoffer.

MR. MCGOUGH: That was a joke circulating at the time about Leon Klinghoffer.

THE WITNESS: At the same time, it may be a reference to Leon Kellner. I don't know. It was--apparently by this point he was in very deep with Senator Kerry and his people. The rest of it is just, you know, the FBI--Glibbery said the FBI had been to see him, the FBI agent had been a gentleman, just some general comments.

Okay, the next significant event was on April 28, I submitted my first draft of the memo to Leon. To make it

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real simple, Leon didn't like it. It wasn't detailed enough. So I went back and drew up--and the reason it wasn't detailed enough, I was working my hind off on the boiler room. When the boiler room finally got continued, I had time to re-write the--

BY MS. NAUGHTON:

Q Your first draft, did it contain any recommendations for future action or course of action?

A Yes. I got the recommendation right here. It wasn't as specific. I said although--this is the conclusion--''Although our investigation has dispelled Garcia's story, we have learned CMK actively assisted FDN in Honduras, Costa Rica between November, '84 and April, '85. There is no question Rene Corbo and CMK actively recruited individuals in the United States to train and/or fight with the FDN and contras; further investigation may also verify Carr's claim the weapons were among the items shipped from the United States to Salvador.''

So it was basically the concept of doing further investigation. Leon wanted more. So I went ahead--by the way, let me move ahead, I have on April 25 in my book, I had notes meeting with Kellner for both 4-24 and 4-25 of '86, and apparently I met with Leon on 4-25-86. But I don't have any notes of my meetings. I kept no notes, to my regret, of my meetings with Leon. I went ahead, I imagine the 4-25-86

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was.the meeting that we had to discuss this memo. Because that was the first meeting that I had with him after I submitted the memo to him.

. Q You said the memo was 4-28?

. A Then no way. I don't know.

. Q You don't have any independent recollection of what those meetings were?

. A No, I have no independent recollection. There was another meeting I had with Leon on 5-5-86, and that must have been the meeting we talked about the memo. But I don't remember the 4-25 meeting. There were a series of impromptu meetings that I had, and there was always discussion about the case, and for the most part they were always redundant, just what do we got here, that type of conversation.

. So we had--apparently on the 5th, we had a meeting about the memo, and I re-drafted it, and I have the word ''processing logs'' here. The memo, which was basically a new draft of the memo, was finished at 4--I am sorry, 6:45 p.m. on the 14th of May. And on May 14, I met with Kevin Currier, and we went over it line by line, the memo, and at that time we both concluded that we ought to go forward with a grand jury investigation. And that was not the first time I had stated that, because the March 14 meeting with Mattes I told Mattes I was hoping to impanel a grand jury.

. But for the benefit of everyone here, I will read the last paragraph from page 20 of the 5-14 draft, the first draft: ''The FBI requests we begin a grand jury investigation into the activity described in this memo. The Bureau believes a grant jury is necessary for several reasons. First, it would dispel claims the Department of Justice has not aggressively pursued this matter; second, a grand jury would eliminate some of the deception the FBI believes they have encountered during their interviews with Daniel Vesco, Ronald Boyd and Max Vargos. The grand jury would give the Department of Justice access to gun records and bank records. Canex was the fund-raising organization set up to raise funds. I concluded we have sufficient evidence to begin a grand jury investigation. I believe a grand jury investigation would ultimately reveal gun running activity, including gun running and neutrality violations. Due to the political nature of this case, I am not sure such violations could be successfully prosecuted in South Florida.''

We are going to find criminal activity. I don't think we are going to win this case in South Florida. Leon liked this memo. He sent it back, and he himself concurred that we have sufficient evidence--he crossed out my whole recommendation here. For the record, he scribbled out the last paragraph, and he inserted, ''I concur, we have sufficient evidence to institute a grand jury investigation into the activities described herein.''

But he himself sometime before May 20, which is the day we formally discussed this memo, he himself concurred a grand jury was in order. Okay?

Q Let me ask you this. Is it standard to write such a memo before you go to a grand jury for subpoenas?

A When you don't understand the case, I imagine that you do. This wasn't a--this was just a summary of what we had developed at this point. In terms of whether it is standard or not, you are going to have to ask Mr. Kellner. I just do what I am told.

You know, Leon did not--Leon did not have a comprehensive understanding of what I was chasing with the agents, and he wanted something to read, and I gave it to him, and that was it.

Q Here is what I am getting at.

A Go ahead.

Q Even in the initial work you do on the investigation, it is clear you need some records. What I don't understand is why can't you just issue a grand jury subpoena for the records from the beginning?

A I wanted to do that. I had no problem. To me, the grand jury is a very, very important tool, but Leon, you got to know Leon. Granted, you know, in light of everything that is going on now, there is an appearance because he did not go to the grand jury he was involved in some attempt to slow it down. That is certainly an appearance that has to be acknowledged.

But I am telling you that Leon Kellner, the only concern that he had on the 20th when we discussed this memo, was that the reputations of, you know, important people in the community almost, I would say in the Latin Community especially, were not going to be dragged down because of inferences that can be drawn from issuing subpoenas to these people. He wanted to know more about what we had--I am jumping ahead--let me step back, and I think we can put this in order. I got this draft back, I gave it to him on May 15, I got it back sometime before the 20th. I went ahead and had another draft typed up with his conclusion.

And when we went into the meeting on May 20, Leon and I were both going into the meeting believing a grand jury was in order. I said Leon and I, because Leon himself had written at that point the last paragraph in the memo. So when we went in, it was--you know, Larry Sharf had been given a copy of the memo, and I believe Ana Barnett had been given a copy. Everybody read it. We went over it critically, and they got to the point where they asked me, ''Why do you need the grand jury?''

And I basically told them, ''I need the grand jury to weed out deception, I need the grand jury to get records, it's just a tool, it's just one tool I need to get the investigation started.''

And I think--let me make this real clear. No matter what reason I gave, Larry Sharf especially had a reason why I was wrong. And he did it--Larry Sharf is a very cynical individual, very bright, and I--

Q What is his position?

A He is, I think, special counsel?

Q So he came in with Kellner?

A Yes. He has known Leon for ages. They have been friends for ages. That is Larry's job in the office. If I had to describe his job, Larry is there to pull from any set of facts any problem that could possibly arise. He is ''Dr. Doom'' is what I call him. He basically felt that we did not have enough at that point to go to the grand jury, and Dick Gregorie felt the same.

Now, Larry Sharf was the recipient of one of the Attorney General's awards. He got it for his involvement in the ABSCAM investigation, and Dick Gregorie was the man who investigated the Meadie Cartel. He prosecuted the case involving Barry Seal, both men had a great deal more experience than I did. And even though I felt differently than they did--and I think what I was more concerned about at that point was the appearance, let alone the need for the grand jury to do the investigation, I still nevertheless followed their recommendation, and their recommendation at that point was do some more background work, and then come back and we'll talk about issuing subpoenas.

. I think the heart of their concern was that if we went to the grand jury at this point, we were taking the chance of putting people in there that you really don't have an understanding of specifically what their true involvement was, and if you get down to questions of immunity, you may end up immunizing people who are, who shouldn't be immunized. And all that was said to me at the May 20th meeting was just do some more background work and come back in a few weeks, and we'll talk about this again.

. I said fine. And I knew the agents would be horribly upset because I started May 14 talking about a grand jury, and we did this memo, and it was supposed to be the last hurdle. I came out of the meeting saying, we got to do some more background work.

. Let me just--

. Q Here is what I don't understand. What is so magic about doing grand jury work? Why is that such a big step? All it is is you send out some subpoenas and you--

. A Is it really? I don't perceive it that way. Because when you take people into the grand jury, you have to advise them of their status, number one, you got to give them their rights, and you got to make a determination what to do in the event that a witness takes the Fifth, whether or not at that point, you compel them or whether or not you just leave them alone.

. And without knowing in advance what the individual's role is, or having a better understanding what the role is, then you are operating from a position of weakness. And although at the time I felt that I had sufficient information, you know, to go forward, I wasn't quite frankly worried about that, they were. And they were my supervisors, and they felt I needed more information, and that was it.

. The only regret that I have is that I didn't stick with my conclusion. Leon asked me to change the conclusion on the memo, and I did. That was just it. But if you ask me, as the prosecutor of the case sitting there, whether or not the three of them had pre-planned this conclusion, the answer is no. Because there was a serious intellectual analytical discussion of each of the points that I raised, and they came up with good reasons why I was disheartened. You know, I wanted to get this thing moving, but they said, ''Do some more work,'' and that's where we left it.

. Q When you talk about impaneling a grand jury--

. A It wasn't impaneling.

. Q You don't mean literally?

. A No.

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Q There is already a grand jury sitting?

A Right. I went ahead--sometime between, before the May 20 meeting I got letters from Garcia complaining about the attorney and all this other stuff. On the 20th, we had the meeting, and this is the draft of the meeting, the memo that was used at the meeting.

For the record, I am showing counsel the memo, dated 5-20, in the top right-hand corner, and it is labeled ''Final Draft with Sharf and Kellner's Suggestions.''

MR. MCGOUGH: Whose handwriting is that?

THE WITNESS: Mine. This is mine too. Everything up here is mine. The black marks are yellow marker. If you guys want a better copy, I will get you a better copy. The key thing here, the substance of the memo stayed the same. The only thing that really changed was the conclusion. I came in to the May 20 meeting, I concluded we have sufficient evidence to institute a grand jury investigation into the activities described herein.

That paragraph, or that sentence was changed at the end of the May 20 meeting to read ''I conclude that we have sufficient evidence to continue the investigation into the activities described herein. At present it would be premature to take this matter to the grand jury, some background work still needs to be finished. Upon completion of this work, I believe a grand jury investigation may be in

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order.''

The only thing that I agreed to do at the end of this May 2 meeting was to do some more background work, and Leon was adamant, that's when he talked about destroying reputations by sending out subpoenas, and he really impressed me as being very concerned that the process was used legitimately.

Granted, you know, there was a question, I questioned in my own mind at that point whether or not there was some fishy business going on, but I had no reason to, it was because of what was being suggested at that point. There were articles in the New York Times. I would be lying if I told you I didn't think about it.

In all candor, I didn't believe it, but the conversation was serious and I just went ahead, like I said, and decided he wants a little more background, do more background. No problem.

BY MS. NAUGHTON:

Q Was that your last draft?

A No. I took this draft and resubmitted it for typing. I have the word processing log on 5/22. It looks like at 1:30 p.m., I got it back at 2:15 p.m. on 5/22. This was my final draft. Again I am showing Counsel the draft labeled 5/22. That is in the upper right-hand corner.

On this draft, I just put in what I had written at the end of the 5/20 memo. This is the draft I sent to Leon, the final draft. I didn't sign off, put my signature to any of them. I don't know why. I did it. That was it.

Q Is there a--is that the last draft?

A No. I submit this to Leon and I make plans to carry on with the investigation. In the interim, John Mattes has been removed from the case and on May 22, Judge Sorentino appointed the attorney to represent Garcia. On May 27, I had a meeting with Currier and Kyzinski. Again, the purpose for this meeting was to do--lay out a strategy to

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get the background work done that Leon wanted done.

I have here, I am showing you my notes from May 27, ''establish gun running strategy,'' get [redacted] [redacted] Who gave the guns, who arranged the shipment, who flew the shipment.'' This was an analysis of what we had accomplished to date on the March 6 gun shipment.

I would say at this point the assassination plot, for the reasons I state in the memo, basically was discounted. What we are really looking at now was the gun shipment and the neutrality violation that Corbo was involved in and perhaps CMA was involved in.

I then wrote down a list of people who we should interview, also other tasks, have to identify Corbo's Salvadoran weapon. Contact Costa Rican associates. Then the same thing with respect to the June 13 shipment. I had a list of who we should speak to.

Q Okay.

A I wrote down a list of people that--of interviews we have completed up to this point. I made notes that we had interiews from the bombing case that I needed to look at and the physical evidence that was gathered to date.

So, basically, on May 27th, I sat down with the agents and we decided who we were going to interview and it was from these interviews I was going to make--reprint my

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recommendation we go to the grand jury.

The interviews began very shortly. Really, I was lucky to have two very dedicated agents, Kyzalnski and Currier. They are about as fine agents as you are going to find. They went right out and started interviewing people.

Q Did they, to your knowledge, write any internal status reports on it?

A On the investigation?

Q Yes.

A I really don't know. I am sure they did. I got a whole bunch of stuff from Customs in New Orleans. I found teletypes the FBI disseminated to Customs in there. There was a teletype regarding the Garcia interview. I know that on March 13, of 1986, Kevin Currier brought--wrote a 302 to--or--what do you call that? The teletypes?

MR. FLYNN: Airtels.

THE WITNESS: Wrote an airtel to the Bureau of Headquarters regarding Mattes' relationship with Tony Avirgon. The reason that occurred, I think, is because Currier and Glibbery rewrote letters to the embassy about Avirgon authorizing immunity to them. I think that is how that came up. Look, I am sure that they did. I really don't know. I didn't see much of that.

BY MS. NAUGHTON:

Q You never saw their brown case file?

A Their brown case file is 15 volumes. It is massive. The answer to your question is, no. I had my own strategy. We were just taking it through. I trusted them. I still do. There were times over the course of the investigation that I didn't. That was stupid on my part, but you know, I trusted them, dearly.

Q But did they ever--do you know whether or not they ever on their updates or anythign else express their dissatisfaction with not going forward?

A They didn't have to express it. They expressed it to me. Kevin Currier, personally. Currier was adamant. U.S.--to this date, Currier will tell you there was some impropriety. I think that is what he truly believes. But there wasn't. It is just that is it. You know, I can't look into my boss' mind. I don't know what he does when I am not in his office, but as his employee, you know, I have no reason to state this, because I have no long-term plans to stay with the Department.

As his employee, he is quite frankly as fine a boss as a person can have, because the man is accessible, he listens. He is not condescending at all. I think he is truly committed to using the system in an ethical manner. I think what happened as a result of inaction, for very innocent reasons, he has created appearances of impropriety. You have to deal with them. I have never seen--except for one time, on August 29, which I will tell, but, outside of that one conversation I had with him, he never gave me any reason to believe that there was something going on.

Q Did Currier ever give you any reason to believe it?

A You have to know Kevin. Well, they were gung-ho. Their investigation always continued. It never really stopped. That investigation had been going on as far as I was concerned for years. The Cuervo end of it, they knew about as early as 1985. George interviewed Tom Posey on January 5 of 1985.

Q What I am getting at, did either Currier or George ever mention their superiors received a call from anyone in high places or put--they had experienced any pressure through the FBI to slow down on the investigation?

A I don't recall--I don't recall any conversation where they said they got pressure from above. Kevin was putting pressure on. You know, Kevin really wanted the grand jury. Remember, they always threatened to take it above Kellner's head and take it to headquarters, that kind of stuff. Do what you want, Kevin.

Q Okay.

A So we met on the 27th. We talked. At that point, around the 27th, the first week of June, I ended up getting a case which required my having to travel to

Thailand. Of course, I was greatly distressed by this--it was a great case, a heroin case. That kept me busy really from the first of June right through the beginning of August. I tried two cases back to back. That Sodo Kyosa case, the ton of cocaine, went to trial right after the Thai case. The Thai case took the better part of the month.

. Q You went to Thailand June 1 through when?

. A No. This is--I picked up--I have a note here I began working on the Thai case June 5 of 1986. Between the 27th, May 27th and June 5th, I have a notation on the 28th, met with Currier and Kiszynski. On the 22nd, I called Currier and asked him to check items seized from Jose Kuteen's shop in Miami.

. On June 2, I have the word processing log where Larry Sharf resubmitted my memo for corrections. Larry had made changes without my permission to the memo. That was the final draft that was sent.

. The changes are really for the most part insignificant. He changed the tone. In the final draft, which is dated again May 14, but which was sent out on June 3rd, Larry had added--

. Q Wait. Sent out on June 3rd?

. A Right.

. Q You told me June 2 is what he changed?

. A June 2nd is when Sharf resubmitted my final draft of the memo to typing. He added certain provisions. I can go through them if you want point by point exactly what he changed.

Q Okay.

A Starting with page 8 of the draft marked 6/3/86, on the top of page 8, in my final draft, I referred to Martha Honey as a Costa Rican journalist. In Larry-Larry referred to her as a journalist. He took out the reference to her being a Costa Rican journalist.

He added the footnote 7, which concerns the filing of a civil complaint by Martha Honey on May 30, 1986.

MR. McGOUGH: Footnote 7?

THE WITNESS: Right.

MR. McGOUGH:what does that deal with?

THE WITNESS: Martha Honey's lawsuit in Miami.

BY MS. NAUGHTON:

Q That is why you have the difference in the date between the date on the memo and the footnote you are talking about?

A Right. On page 12 of the final draft, there is a discussion about John Hull. In my final draft, I referred to John Hull as an American citizen residing in Costa Rica. Larry Sharf referred to him as an American who resides in Costa Rica. Larry also addded footnote 8 in the final draft which is--Hull told me in a telephone conversation that he is now a Costa Rican citizen. The United States Embassy, whoever documents Hull as an American citizen. I didn't put that in. That is true.

Then finally, a big change was in the conclusion. My final conclusion was what I had previously stated, in summary we have sufficient evidence to continue the investigation, it may be premature to take this matter to a grand jury, background work still needs to be done. Upon completion, the grand jury investigation may be in order. That is how I ended it.

Larry ended with the following: ''I conclude that we have sufficient evidence to continue the investigation into the activities described herein. At present, it would be premature to take this matter to a grand jury absent further field investigation. A grand jury investigation at this point would represent a fishing expedition with little prospect that it would bear fruit. We are not now in possession of facts which might enable us to confront those witnesses whom the Bureau believes have been deceptive. Further background investigation and interviews may uncover such information. The grand jury is not needed for access to Costa gun shop records since ATF has the right to inspect.

''Canak Bank records were desired to identify Corbo's associates. This appears to be an unnecessary and undesirable step at this time. Many Corbo associates already have been identified and further interviews can identify others who might be relevant to this investigation. The bank records on the other hand would likely yield a list of innocent contributors to Canek who have no knowledge of or active participation in the activities alleged. Moreover, the usual delays in obtaining and analyzing bank records can be expected. I have discussed the matter with FBI agents and they have agreed to defer the background work at this time. Upon completion of these steps, the grand jury investigation may be in order.''

The only thing I resent regarding my supervisor's handling of the whole case thus far is this, because I didn't write this. I'm eating this now. This is not--

Q Some of those reasons are pretty pathetic.

A The fact that--personally, the whole idea of the investigation was to identify Corbo's associates and I never found that unnecessary and undesirable. Now some of the language in here is reaching. But it in part reflects some of the things that we talked about at the May 20 meeting, but I don't remember anyone--and I certainly did not say that it was undesireable to identify Corbo's associates nor did I believe that it was undesireable to subpoena bank records, because there may be a delay in getting them. But this is what went out. I never saw it before it went out. It was just sent out on June 3rd with a cover letter.

MR. McGOUGH: you never saw it before it went out?

THE WITNESS: I didn't see it before it went out.

BY MS. NAUGHTON:

Q When you say went out, to where did it go?

A Mark Richard.

MR. McGOUGH: Were you copied on the letter to Richard?

THE WITNESS: No. Leon called me down after it was sent out and gave me a copy.

MR. McGOUGH: How long after that?

THE WITNESS: The next day.

BY MS. NAUGHTON:

Q Did you read the conclusion when I gave it to you?

A Yes.

Q Did you express your dismay?

A For what purpose? Really, at that point there was no sense in saying anything. I had no control over it any more. If they didn't see fit to let me look at my own memo before it was sent out, I had no business expressing anything. I have to work there. The thing is it was an internal memorandum as far as I knew. I had no idea it would ever be disseminated publicly. Certainly if I had known someone was going to leak it, there would have been a major protest.

. Q Why don't we get to that as long as you brought it up. As far as I know--correct me if I am wrong--the first people who get it is the Washington Times, is that right ?

. A I don't know.

. Q As far as the first leak?

. A I don't know. Do you know where the postmark was from on the envelope?

. Q No. We have not subpoenaed the press. I heard the first leak was to the Washington Times.

. A That would be--

. Q Obviously when the story breaks or someone you know has your memo, you know if you read it in the Miami Herald, or Time magazine.

. A I knew, only a couple of days ago, a week ago, I just heard from Leon that the memo had been mailed en masse to a number of papers and television stations around the country. You know. That was it. I thought it was bad because there were references to people who put their reputations and lives on the line by talking to us. There were references to them in the memo. I felt that whoever leaked it should--showed disregard for the safety of those people. There was nothing that could be done at the time.

. Q So Leon told you it was to several papers

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throughout the country?

. A Right. My understanding was that he had first gotten called about that from Justice.

. Q About the leaks?

. A No. Yes. About the leaks of the memo. I think it was Mark Richard again. I am not sure. I really don't know.

. Q Do you now whether or not the memo was accompanied by any statement or any--

. A Yes, this letter. Enclosed is a detailed memorandum reflecting the investigative steps undertaken in connection with this investigation. Footnote 7 on page 8 reference is made to civil lawsuit instituted by Martha Honey and her husband Tony Avirgon. I sent you a copy of the complaint last week. I will keep you informed about the status of the investigation. Very truly yours.

. Q Was the United States a named defendant in the Honey suit?

. A No.

. Q It is in state court in Florida?

. A No. United States District Court, because it is a suit involving parties from more than one state.

. Q I guess you misunderstood my previous question. When the newspapers received your memo, do you know whether or not or did Leon tell you whether or not any other

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material was contained in it ?

. A Contained in what? Contained in the--

. Q The envelope with your memo? In other words, a note as to what this was, what to do with it?

. A No. No.

. Q Do you have any ideas as to who leaked it?

. A You are asking me to speculate. That is not fair. I'm not going to be part of any witch hunt. I have a belief, but I am not going to state it. I have no evidence to support it. Whoever did it is a fool. Because it compromised the investigation. Certainly it didn't encourage people to participate when their security can't be guaranteed, and I think it demeans the Department and the system overall when the security of witnesses is compromised like this.

. Q Did you give copies of it to anyone else other than--

. A No. Look, I think that the memo was stolen out of my cabinet. I think it was stolen a while back. A footnote that I--the original footnote about John Hull and [redacted] was on a piece of yellow paper that was in my rough draft file. One day--the week after everything came to light about David Liewant, for some reason or another, that piece of paper shows up under my door. I had not seen that piece of paper in months.

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. . Q The last time you saw it was in your file cabinet?

. A It was in my filing cabinet. I walked into my office--I have the date, I don't have it here though. I don't have the book. It was recently, only about three or four weeks ago. It was laying under the door. Just totally shocked me because the only way that someone was going to get that was not even a copy. That was the original. It was to have gone into my filing cabinet and taken out.

. Q It was just an insert?

. A Not an insert. It was a piece of eight by fourteen paper. It was the most sensitive footnote in the entire memorandum. The footnote suggested that Hull was an operative for the CIA. That was the essence of it. The lack of cooperation we had at the end was--but--

. Q Is that in your file?

. A What's that?

. Q That.

. A Yes. Sure.

. Q Is your file cabinet locked?

. A It wasn't. Neither was my door. My office is in a secure area. You really--all you are locking your door from are your colleagues. I wasn't cynical enough.

. Q Why don't we go on in your chronology. I think--you are in Thailand. You come back.

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A Again work on the Thai case June 5th. I have a notation on June 10 of 1986, met with Kellner regarding Mattes, Garcia, and destruction letter. I knew you would like that. The destruction letter was a letter dealing with destruction of drugs, where he has to sign the drug destruction letters. I had a drug destruction letter. I went looking for it the other day. Instead of finding the drug destruction letter, I found the letter I wrote to Mattes. That's how I found it.

I had no idea why at this point I was still talking to Kellner about Mattes and Garcia. I tend to believe it was because everything was still hanging in the air, he had still not been sentenced. A final decision had to be made about a cooperation agreement. At this point, though, it was just senseless. It was obvious that John had gotten his way with Senator Kerry and at this point Garcia and Mattes were no longer even in an attorney-client relationship. He had been terminated on May 22. I am only guessing. I really have no idea.

Q He was terminated because his client wanted that, right?

A Yes.

Q There was no other independent--

A No. I have the letters if you want to see them. He just basically felt Mattes was in a conspiracy with me.

Ironically Mattes is still visiting Garcia. I went through the attorney log book at the prison last week. As I went through it, I noticed John--I think as late as last September and October was still visiting him.

. I have no recollection really of the June 10. Even if there was a meeting on that date, I just had a notation I was supposed to meet with him.

. June 20, I left for Thailand. June 28, I returned from Thailand. July 7, I began the Thai case. July 25, I ended the Thai case. July 30, I began the Soto case.

. Q What were the dates?

. A July 30 began the Soto case. August 1, I ended the Soto case. I was really out of pocket from the beginning of June all the way through August 1 of '86.

. Then 10 August I get back to the thick of things. On August--July 31, I received an FBI PROS memo. I never asked for the FBI PROS memo. Thte is on July 31. Kevin prepared it. I only recently found out why he prepared it. He was basically looking for a way to pressure Leon into making a decision.

. There wasn't much I could do on the case after Jume 1 because I was tied up on the Thai case. The Thai case was given to me because the man who was handling it before ended up taking over the Miami River Cops investigation. They needed someone who could get the case togther quickly and try it. It was a great opportunity. A nice trip to Thailand. I took advantage of a good thing when I saw it. I went off on that.

As a result, nothing much got done on the--on this case, the contra case until 8/8. Not 8/8, until 8/14 of '86.

8/14, I gave Leon the PROS memo, the FBI PROS memo. I gave it to him on August 8 of '86 which is the day he left for vacation. I finished reading the FBI PROS memo on August 12 of '86. I felt that it was clearly sufficient evidence at this time to go forward. Corbo had been interviewed. He himself admitted there were weapons on the March 6 shipment. There were a lot of other interviews that were done. I felt that at this point, we had enough to go forward.

I felt that way actually back in May, but I felt we had gotten Leon what he wanted.

I was told not to do--when I gave Leon the PROS memo, my recollection is I was told not to do anything until he had read it. I didn't. The only thing I did was meet with George and Kevin on August 14. It's back to the same thing. I have the New Orleans connection which was Jack Terrell at TMA. The parameters of the investigation, September '84 through April 15. Members of the conspiracy, the targets, further investigation that needed to be done. Then I have a sequence of events that I went through. We did this at lunch, at a lunch meeting. At this point, it was just my way of getting back into the case and trying to sort of regroup because I had been in trial or preparing for trial since the beginning of the summer.

August didn't pan out too well. Leon had still not given me an answer and, too, my son was sick and was put in the hospital. There were some personal problems. But to say that the agents were persistent would be an understatement. Kevin especially. He wanted to know--I kept going down to Leon. I really thought I was losing credibility with Leon because I was nagging him to make a decision or let me know one way or the other. He kept telling me that he had to read the memo. That was it.

On August 29, that was the only time Leon ever gave me a reason to believe there was wrongdoing. Before I get to that, let me just catch up here. On 8/18, I began working Operation Texas full-time, which is a marijuana conspiracy case. 8/20 I had my only conversation with people at Justice. That was Joe Tafe, who was in charge of neutrality violations. He gave me hints. On 8/25, I began Operation Blackjack which was a Nigerian heroin conspiracy. I had other things going. On 8/29, I went down. This is like the fourth time maybe--I don't remember the number of times--I went--had been down to see Leon a number of times. I said, look, I have to know. They want to know. They have been waiting. They are being persistent. He told me at that point sit on the case until he gets back from Washington, D.C. Politics are involved. I said to him, Leon, that really upset me because he told me on April 11, during the day of the FBI shooting that politics were not a consideration. I said to you, why are you telling me politics are involved when you told me politics aren't a factor for you to consider.

He said to me that politics aren't a factor for you to consider but they are a factor for me to consider. That is what he said. He subsequently--I confronted him with that at a later point. He explained to me what he meant by that. He didn't deny--he has never denied that he said that to me.

MR. FLYNN: What was the date of that?

THE WITNESS: August 29.

He told me that he has received a series of affidavits from John Hull regarding the Avirgon/Honey lawsuit. Again it was John Hull manipulating people. There were affidavits from the various mercenaries. He was hoping Leon would use these affidavits--it showed complete ignorance on his part about how the system operates and even what the United States Government role was in that lawsuit. But I did not see these affidavits at this time. He showed them to me subsequent to the time he got back from D.C. He was apparently concerned that the office was being manipulated to take a position on the lawsuit or even to take a position with respect to the investigation that we were conducting. That's what he basically told me.

BY MS. NAUGHTON:

Q Was the U.S. a party to that lawsuit?

A No.

Q Why--why the affidavits?

A Why is Hull doing that?

Q I can understand Hull doing it for purpose of the criminal investigation. If the U.S. isn't a party to the civil, why would that be a concern for the U.S. Attorney?

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A Exactly. That is the question I think he was asking himself. He felt that he was being asked in a very subtle way to manipulate something he had no role in. I felt that--expressed to me his concern that the office was not only--was being manipulated.

We were being used for selfish interests, interests that may even have ties back to Washington. He just didn't know. He did the smart thing. He took the affidavits to Washington and brought them to Mark Richards and showed them to him. This is all what I learned later.

In the meantime, I didn't know any of this. The only thing I remember was my boss telling me, ''Sit on the investigations; politics are involved.''

I immediately reported that to my father-in-law, who is a lawyer and former judge down in Miami, because I anticipated that this day would come and I wanted a witness. I didn't want to be left in a position of making an uncorroborated statement about the conversation that I had with my boss.

But being the gentleman that he is, he never--to this day, he has not denied it. He hasn't denied he said that politics were involved. He has explained that to me.

Q So Kellner gets the affidavits pursuant to the

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civil litigation, the Honey suit?

A That is what he told me?

Q But he goes to see Mark Richards?

A He got the affidavits. There was a letter to Leon and a letter to Warren Rudman. Copies were sent to Leon. Some affidavits from some of the mercenaries; and he went to Washington with the affidavits and he came back. I don't remember when he gave me the affidavits. He did. He gave me some memoranda on the Neutrality Act, asked me to read them. It was back to the same status, just waiting for him to finish reading the memo.

In all candor, at this point, after August 29, I thought the case was dead. I really did. The case just sat in a box on my table. I was busy. I was a narcotics prosecutor.

Q How long was Kellner gone?

A Two days, but he never got back in touch with me. I didn't say a word. The only person I reported it to was my father-in-law so I had a witness. That was it.

Q Did the FBI keep bugging you at this point?

A I don't think that accurately describes their vigor.

Q But that continued?

A Sure. Sure, and I am just going on preparing my cases, getting ready for trial. Finally thinking that there was a decision made by indecision, and I was at that point prepared not to hear anything else about this case ever again.

I just thought that it was put out to pasture.

MR. FLYNN: Did bureau headquarters ever contact DOJ about the case?

THE WITNESS: I don't know. I don't know. That was my feeling. I had no idea what was going on in the background. I had no idea Leon has given the memo that the FBI wrote to Dick Gregorie. That was the only copy that they had. That doesn't necessarily forgive them for not making additional copies. What he did was sent the letter I gave him to Dick, asked Dick to read it, make a recommendation.

Dick sent the memo back to Leon. I imagine Leon ultimately read it and then around the first week of November, I got a memo from Leon authorizing me to go to the grand jury.

Before I get to that, let me just fill in the gap here. 8/14, I met with George and Kevin. 8/18, I began working the marijuana case, Operation Texas. 8/20, I spoke with Joe Tafe. 8/25 began Operation Blackjack. 8/29 Kellner ~~Colonel~~ told me to sit on it. 9/10/86, sit on the investigation.

9/10/86 began Operation Lawman, which was a large

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cocaine and crack distribution ring in the black community in Miami. 9/15/865, Garcia sentenced. 10/9/86, I have a notation I met with Kyzinski and Currier. I have a note, ''Call Steve Mitchell re: Posey investigation in New Orleans.''

. What this suggests to me is I was still keeping my fingers in it even though there wasn't much being done.

. 10/30/86, I met with Ralph Martin and Marshall Jarrett from the Department of Justice Public Integrity Section.

. Sometime around the first week in November, I received authorization to go to the grand jury. I did not tell you when I got the memo I didn't know what was going on. I was pleased, but--

. BY MS. NAUGHTON:

. Q We have to back up. Jarrett and Ralph Martin--in the meantime, Hasenfus' airplane goes down. Your office is investigating it, apparently.

. A The Hasenfus incident?

. Q Yes.

. A I knew Customs was. I didn't know my office was.

. Q Didn't that ring any bells? Didn't you run down to see if there was any connection with--

. A Why? As far as I was concerned, I was told that he would get back to me. I was told to--he gave me the

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affidavits, he gave me the memoranda. That was the only thing he did when he came back from Washington. He told me, you know, I will get back to you after I read the memo. That was it.

. I bugged him numerous times and this was nothing to be gained at this point because the last word I had was not do anything until he told me.

. As far as I was concerned, the Hasenfus incident really wasn't any great revelation because it was apparent at that time that there was much more to this whole network than Renes Corbo. I am not saying this network is necessarily involved with the investigation we are doing, but if for some reason the motivating factor was going to be that the United States Government may be exposed or Oliver North's network may be exposed, as far as I was concerned, that had already been done. It is just that it hadn't received the public attention that the Hasenfus crash brought out.

. Q After the Hasenfus crash, did you receive or become aware of the inquiry the Department put out to all U.S. Attorneys Offices for any information?

. A Right. The memo from Chuck Saphos?

. Q Yes.

. A Yes.

. Q Did you respond to that?

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. A No, I didn't. That wasn't really my place to. I had seen it. I think Ana Barnett was doing that. I remember talking about it. Chuck ff used to be at our office. But, no.

. Q Do you know whether any of your superiors sent the synopsis of your investigation to Justice?

. A Sure it did. It is right there. June 3, the cover letter to Mark Richards. They had it.

. Q But they didn't make a separate response to the teletype?

. A I really don't know. I didn't.

. Q Not to your knowledge?

. A No. That is not a fair answer. I don't know. I just really don't know.

. Q So when Marshall Jarrett and Martin came down, did they have the June 3 memo?

. A You know, I remember speaking with them. It was late in the afternoon. I remember going through the file with them and basically detailing what the case was about. My recollection is a pretty expensive overview of the case. I was told to speak with them. I did. I don't remember much about it.

. Q Do you remember them asking you if Leon has asked you to slow the case down? You remember Jarrett asking you that?

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A I don't know. If he did ask me that, I know what the answer would be. Just the August 29 incident. That was it.

Q Were they taking notes when you talked to them?

A No. My recollection is that they came in--see, I am getting--I spoke with Rob Lyons and someone else from the ethics section, the Office of Professional Responsibility. I am getting--

Q Was that during the same period of time?

A No. That was later on. I have notes of that. Hold on a second.

I spoke with--

Q Jarrett and Martin are there to try to decide if the Independent Counsel should be brought in to investigate the contra matter?

A Yes.

Q Does that refresh your recollection?

A Yes. I remember that. I remember them talking about that. I have a note on 10/26 I spoke with him from Justice about this case. I have their cards. That is it. That was it. Then you can see that this was the--these are the complete notes I had of the conversation. I put a complete set of my notes back here. But--no.

Q Okay. Then we go to November 1st. You get some sort of memo or letter from Leon authorizing the grand jury

. A Right. This letter. Right here.

. This memo was by Dick Gregorie to Leon on around October 6. I didn't get this back until the first week or second week in November. I don't remember the exact date.

. Q I concur in recommendation, prepare the necessary documentation to--

. A Let's see.

. Q --get approval?

. A Yes. Any necessary grand jury you may deem necessary. Keep me up to date on the developments. That was it. I set up my first grand jury appointment for 11/18/86. That was my first day in the grand jury.

. Q Did you ask Leon if this was dated October 6 how come you never saw it until November?

. A Yes. Any necessary grand jury you may deem necessary. Keep me up to date on the development. That was it. I set up my first grand jury appointment for 11/18/86. That was my first day in the grand jury.

. Q Did you ask Leon if this was dated October 6 how come you never saw it until November?

. A Yes. He told me.

. Q Why?

. A He said when the Hasenfus crash occurred, he felt there was ''really something there.'' He decided to go with it.

. Q Why didn't he tell you?

. A I only work for the man. You know.

. Q Did you ask?

. A No. Why would I want to? Why make trouble? I finally had what I wanted. What difference did it make at that point? The appearance has been created.

. Q Did you talk to Mr. Gregorie to see if he had received this memo on October 6?

. A No. That he had wrote--had written the memo on October 6.

. Q Oh. That he had written the memo?

. A Leon got the report on August 8. He gave it to Dick sometime after August 8. Dick wrote the memo back on October 6. Leon gave me the recommendation on November--sometime between November 1st and November 11. Somewhere in there.

. In the spirit of candor, the most surprising thing about this memo is that I had been given carte blanche to go on the grand jury. One of the reasons that was given to me back on May 20 was that he wanted to make sure that the grand jury process wasn't being abused and that he wanted to make sure that peoples' reputations wouldn't suffer by the issuance of subpoenas.

. Then here--you know, I had gotten--my recollection is he told me he wanted to approve the subpoenas that had gone out. Here I had been given carte blanche which I welcomed quite frankly. I feel that I have sufficient experience to judge when to bring one to the grand jury and what necessary prep work needs to be done before you make that move.

I didn't object to it. I just thought that that was backing off from his original position.

Now--the background, the prosecutive report contained the interviews that were done after the May 20 meeting. He may have felt that we had enough to go forward without his having to discuss this once again. There was no meeting.

One day I went to my box. The memo was there. That was it.

Q when you got it, was this written on it?

A Just like that. That is it. That is what I found in my box.

Q So you never discussed it with Kellner?

A No.

MR. McGOUGH: Let me interject. I think you said earlier you did discuss it with Kellner. He mentioned something about Hasenfus?

THE WITNESS: That was only recently. I said to him, because I confronted him with the memo and all. I don't know if I asked him or if he volunteered it. I have the exact day and the time that he told me this back in my notes in my office.

If you want it, just give me a ring. I will let you know.

MR. McGOUGH: Can you give us a general time frame?

THE WITNESS: Within the last three or four weeks. He told me the reason he signed off was because of the Hasenfus crash.

BY MS. NAUGHTON:

Q Did he say he had spoken to Mark Richards or anyone at DOJ prior to that decision?

A No. He didn't tell me that. Not that I recall. The only thing I recall was somehow or other we got into a conversation--I remember when he told me that, I couldn't help but grin. Because--I don't know.

Q It is like an ''I told you so?''

A Not like an ''I told you so.'' Let me tell you something. The Hasenfus crash made no difference to me. I know what my case is about. There were some--there was some involvement of Hull and Owen. One aspect of the case--my understanding of the case has gone--you know, it has expanded tremendously since January when we really got started with the grand jury. Even in November, based on what I had gathered up to date, I still wasn't quite sure how all the pieces fit in. For the most part, the case about people in private organizations, basically on their own, going out and recruiting help for the FDN or putting their own little paramilitary groups together.

I knew somehow or the other that Hull and Owen fit in, but they were not central. The people who were central in the case were--and really still are--are Renee Corbo and various people in the CMA, and a host of Cubans.

There is even to this day Hull and Owen are involved, but they are in a gray area, in my opinion. Ultimately, I haven't--I better not go any further with this.

The bottom line is that the Hasenfus thing meant nothing to me. I didn't--I didn't go running down to Leon and say, ''Let's get going,'' that wasn't my place. I work for him. He doesn't work for me.

On December 2nd, we had another meeting. It was Kellner, Sharf, Barnett, Gregorie. We were talking about the different allegations being made, different issues we had to consider with respect to Garcia.

Leon told me he wanted me to find out if we were used. He wanted me to reinterview Saum, who was Saum, why did he come to Miami, who was he working for, was Cuteen involved, trace Saum tickets from Huntsville, Miami, to Huntsville. Stay away from Cuteen, Diaz and Hamburger. He was under indictment at that time.

There was a question about allegations about our turning away evidence. What can we do about it. They basically concluded there is nothing we can do about it. It is a allegation.

. Mattes--at this time, this is when I first found out--the article in The Miami Herald about my threatening Mattes did not come out until December 12. I received a phone call from a reporter in San Francisco and learned a FOIA Act had been stated suggesting I had read Mattes' rights at the March 14 meeting.

. The FOIA request was being considered by Justice. They wanted to know if I should--I wanted to know if I should turn over my notes from the meeting. I was told don't turn over my notes because they are part of a pending investigation.

. There was a question--you know, this goes back. There was a question on whether or not we were going to pursue the Boland amendment violations. My recollection is that that was basically not put off to the side, but when we talked about it, it didn't appear that we had any jurisdiction over that matter. I operated under the assumption that that was out of our turf. Whether they passed it on or made mention of it to anyone else, I don't know.

. I asked them again on December 2nd what should I do with respect to any connection with North, Owen, Hull. They told me to continue to explore and I was told put Owen into

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the grand jury after getting information.

. So all of a sudden Rob Owens, when I started to gather information, I was able to put Owen at a particular meeting in Miami. I got that information after I got authorization to go to the grand jury. There were many meetings.

. Let me tell you right now that Rob Owen was at tons of them. Not tons, but a significant number of meetings with players involved in both the Cuban and the CMA organizations.

. So--this was starting to come more to light around this time. I was told to just keep pursuing it, just go for it. I was told to continue to advise the people that were going to the grand jury that they were subjects.

. Q Was there discussion at that time of independent counsel being appointed?

. A No, not that I recall. There may have been, but I don't recall. The first discussion I had about the IC was on December 29. We decided not to go forward with the case because of the provisions of 28 USC Section 597, which requires us to suspend our investigation pending a determination by the IC as to whether or not he has jurisdiction over our case.

. On 1-21-87, I was informed by Mr. Kellner at 2:00 p.m. that Judge Walsh declined the case and I was to proceed.

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Here we are today.

Q Did anybody from the independent counsel or FBI interview you?

A Yes.

Q When was that?

A April 7, at 10:20 a.m. of this year.

Q Was that in connection with the substance of the investigation or with the possible slowdown?

A After the Village Voice article came out saying there was a slowdown.

Q That was the nature of the interview?

A I was told initially they were not going to investigate the slowdown. In fact, when I was--around the time I was told to go forward, I was told they are not investigating the Mattes allegations against me.

After the Village Voice article came out, they told me that they were going to investigate. I said, great, go for it.

Q Do you know whether or not there is an OPR investigation?

A Oh, yes. They have become very popular.

Q Did the FBI in that interview ask you anything we haven't?

A Which interview?

Q 4-7-87.

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. A No. I basically told them the chronology. I wrote out a summary of my interview with them. That is basically it. The only thing I didn't have in this interview was the letter I wrote on 3/28 in response to Mattes' 3/27 letter.

. That is it.

. Q The FBI memo you referred to of March 21, 1986, apparently it is a compilation of several interviews and things?

. A It is everything from December 27 up to May 14. All of the dealings between Currier and Mattes.

. Q Just Mattes or the whole facts of the case?

. A Basically, what was going on.

. Q Okay.

. Did you ask for such a compilation?

. A No. In fact, what happened was after the December 12 Miami Herald came out, Mattes accused me of threatening him, Kevin told me about the memorandum and it was great because it had his contemporaneous recollections about the events which Mattes was accusing me of.

. Q Okay.

. . A That is when I got--I didn't know it existed until after December 12.

. Q Of 1985?

. A No; December of 1986.

. Q Oh, you didn't know there was that?

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A I didn't know. The FBI apparently has certain rules regarding which documents the prosecutor can see and which documents you can't see. You can't see the administrative section for some reason. It is basically--

Q I want to ask you about a series of names now. You tell me if they are familiar in the course of your dealings either with this investigation or others. Again we are only looking for information prior to December 4.

A Okay.

Q These are either people you have met, spoken to, or heard discussion of or seen reference to in documents. In other words, the only thing I am excluding from this is media reports.

A Okay.

Q In other words, if you are talking to somebody in the office and this name is mentioned, I do want to know that.

Elliott Abrams.

A Where did that name come up? Give me a minute. That name did come up. It has come up very recently. The name has come up. I don't remember how it came up. I could find out. Just give me a second to think about that, okay?

Oh, I know how that came up. It came up in a way that I think you need to know about, but I found out about it by interviewing a witness. You better take it up with--

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Q With Justice?

A Yes.

Q Can you give me a point of reference?

A The Lanhy Duc interview.

Q Lanhy Duc?

A Interview.

Q Charles Allen? Charlie Allen?

A Sounds familiar, but I am not sure.

Q James Bastion?

A No.

Q Enrique Bermudez?

A Sure; Commander 380. He is a central figure, not a target, but he would have information about the case.

Q He works Southern Front?

A Enrique Bermudez? He is the main contra leader who works in the North, is my understanding.

Q Richard Brenneke?

A That doesn't sound familiar.

Q Adolfo Romero Calero?

A Sure.

Q Other than the notoriety as contra leader, anything else?

A I can't discuss it with you.

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RPTS DOTSON

DCMN GLASSNAP

[1:30 p.m.]

BY MS. NAUGHTON:

Q Cannistraro.

A Spell the last name.

Q C-a-n-n-i-s-t-r-a-r-o.

A Doesn't sound familiar.

Q Luis Posada Carriles?

A That name sounds familiar.

Q Thomas Castillo?

A That is [redacted].

Q Were you aware of that other name?

A No.

Q How do you know about it?

A Newspaper.

Q You were introduced to him as [redacted]?

A Yes.

Q During the course of that investigation, did any of the people you dealt with refer to Mr. Castillo?

A Yes. It's 6(c) material.

Q Carl ''Spitz'' Channell?

A The same thing.

Q Linda Chavez?

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A I don't know.

Q Dewey Clarridge?

A The name was--nothing significant. I know, the only thing I know about him is what I read in the paper.

Q Thomas Clines?

A No.

Q William Cooper?

A No, no. Doesn't sound familiar.

Q Daniel Conrad?

A No.

Q Paul Cutter?

A No.

Q Edward de Garay?

A No.

Q Ambassador Robert Duemling?

A No.

Q Robert Dutton?

A Sounds familiar.

Q Robert Earl?

A No.

Q [redacted]

A No.

Q Richard Gadd?

A No.

Q Max Gomez?

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. Q No.

. Q Felix Rodriguez?

. A No. I know who they are, their alleged involvement, and it wouldn't surprise me if they are involved because the flights we are looking into went into [redacted]

. Q Donald Gregg.

. A That name came up in Sam Allen's papers. That was the only place I saw it.

. Q There was a reference to a search of Tom Posey's office or where he was living.

. A I don't know about that.

. Q Did you ever hear of a search being conducted?

. A No. There was a--there had been numerous customs searches of Tom Posey's equipment that Tom Posey had delivered to Mario Calero, October 21--I mean, October 18, 1984, I believe. Similar searches were conducted in November and December. I know in October, '84, Customs put on a big show at Kenner Airport, they had a search there.

. Q Do you know whether or not Oliver North's number or reference to him was found in any of Posey's material?

. A I can't tell you that either. The only place I believe I have even seen that is Allen's papers. That's the best I can recall. There was one other call, and I can't tell you about it, but also to that number. Oliver North's name comes up in the investigation, my investigation, but nothing--I can't discuss this with you. I wish I could.

. Q What I am concerned about, does it come up before December 4 or after?

. A Before.

. Q When?

. A I can't tell you that.

. Q All right.

. You can't tell me that because it is 6(c).

. A Right. It's all information I got--if it is not 6(c), it is information obtained regarding an open investigation. Just work this out with Tom.

. Q See, we have--ordinarily in an interview, we have someone from Justice here, and right now I kind of wish we did, because--

. A He told me he wasn't permitted to come today.

. Q That is right. That is right.

. A Our agreement, though, is that we will get verbal briefings on open cases but no documents. I don't want you to trust my word. I mean, I understand your concern. We'll work that out. Okay.

. Q Albert Hakim?

. A No.

. Q What about Lake Resources?

. A No.

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. Q William Langton?

. A No. This is obviously to the best of my recollection. There have been tons of names. Lake Resources sounds familiar.

. Q Ramon Medina?

. A No.

. Q Constantine Menges?

. A No.

. Q Richard Miller?

. A No.

. Q Herman Moll?

. A No.

. Q H. Ross Perot?

. A His name has come up.

. Q Post December 4?

. A Yes, but I would say in an insignificant way. His name has just come up, that's it. Nothing really--

. Q [redacted]?

. A The name sounds familiar, but not in the context of the case.

. Q DEA agent?

. A Out of where?

. Q Washington now.

. A I recall seeing something. Even just a note or something. Some Customs documents. I am not real sure.

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Q Raphael Quintero?

A Only from the little bit I know about it.

Q Buz Sawyer?

A No. Buz Sawyer, is that Caribbean Airlines?

Q He might have worked there.

A No, doesn't sound familiar.

Q Nestor Sanchez?

A No.

Q Richard Secord?

A No.

Q Ted Shackley?

A No.

Q John Singlaub?

A Yes.

Q Is that pre-December 4?

A Yes.

Q How did his name come up?

A Can't tell you.

Q Ambassador Tambs, have you heard from him since that meeting in Costa Rica?

A No.

Q Have you heard anything about him since then other than public media?

A I have heard he decided to teach at the University of Arizona. Other than that, I don't know.

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Q Howard Teicher?

A No.

Q Chuck Tyson?

A I have heard the name, but I don't remember the context.

Q Faith Whittlesey?

A No.

BY MR. MCGOUGH:

Q Can you tell me a little bit about Mattes' background, if you know?

A I know that he graduated from the University of Wisconsin, a former State Legislator.

Q About how old?

A He is about 38.

Q How long has he been with your office?

A The Garcia case was the first trial.

Q He is still with the PD's office?

A Yes. He had a sister who worked for Senator Kerry. I am just getting that through the press.

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RPTS DOTSON

DCMN BANMAN

. Q You said before you took--when you were considering taking the first trip to Costa Rica, you called Avirgon?

. A Yes.

. Q Why?

. A Because Avirgon and Honey had been at the trial and they were the ones apparently feeding this information to Terrell and they seemed like a good source of information.

. As long as they were willing to meet with me on a voluntary basis, that was my initial--they knew a lot, especially about the assassination plot. Before I left, I remember thinking to myself they were trouble for some reason. I just got a bad feeling about them, especially after Avirgon told me that Mattes had said they were targets of the grand jury and they wanted to have their lawyers present. It was too much like an adversary relationship at that point.

. Q You described having a six-hour meeting on March 26.

. A Right.

. Q You say it was six hours long. Is that because you remember it being six hours long or you have a notation somewhere that it was six hours?

. A I'm showing counsel my date book with the notation,

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spoke to Kellner six hours.

Q I see. Do you normally make notations in your book about the length meetings take?

A That was, you know--the answer to the question is no. But for some reason I did.

Q The follow-up is why in that case?

A I don't know. It was--I remember that was a significant meeting because that was the meeting where I was told to go to Costa Rica. I was seeing Leon Kellner, my impression is that I was seeing him so frequently, and the conversations were so redundant in that we never made any progress, it always--I always came out feeling more confused than I did when I first went in, I felt like I was losing credibility, in all candor, because I couldn't come up--I couldn't tell them what we're looking at. I just couldn't do that.

I can today. I couldn't do it then because I didn't have the--I didn't know him at that point. I had bits and pieces of different icebergs and I was--I felt like I was being expected to tell them what was underneath the water line without being given a chance to explore.

That's all I remembered during that period. I wish I took notes. I took no notes of those meetings with Leon. I started keeping an events log, which I will provide you a copy of, and my notations were very brief.

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. . In retrospect, that was a mistake, but that is just the way it is.

. Q But this note in your book was made retrospectively, after the meeting was over?

. A I don't know. I don't believe so. I believe it was made that day.

. Q I mean after the meeting it says in past tense, spoke with Kellner six hours.

. A Right.

. Q You had mentioned--I am hoping here, I am trying to pick out some questions that arose.

. When you went down to Costa Rica and you went to the embassy, you were advised by someone that Ambassador Tambs was entitled to know everything about the investigation.

. A That was George Mitchell and Nagel. That is the best recollection I have on that.

. Q At that time you didn't really question that?

. A I questioned it but, you know, the thought that was going through my mind is I'm going to get off on a bad start if they find me asking questions that I had not told them that I was going to ask. So I told them everything.

. Q They obviously knew that you were coming, you just didn't show up on their doorsteps.

. A No. There were preparations.

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. Q Did you take care of those preparations or did you contact the embassy before you went down there or was that handled by someone else?

. A The only thing I did--I think the FBI did it, number one, and all I recall doing is sending my application for an official passport up here to Washington.

. Q Could you get any feel for how much they knew about the purpose of your visit when they arrived?

. A I don't think they really knew. I remember speaking with Mitchell and I told them what we were down here to explore. That's when I was told the ambassador--my recollection, I don't remember the exact words, but I still remember I had the impression I was told the ambassador is entitled to know about everything you are doing down here because he is, in essence, the President, for all practical purposes, in Costa Rica--President over American activities, not obviously over Costa Rican activities.

. But I remember just debating to myself whether it was wise to talk about--to show him the chart, especially in [redacted]

. Actually that couldn't have been because he didn't know the [redacted] was coming. I had decided I was going to play it square, and that is what I did, I played it square.

. Q Going to the meeting of April 4, Barnett, Sharf, maybe Gregorie, you said Leon came in for a short period of time.

. A Right.

. Q Do you recall--was he brought in just on the Boland amendment?

. A That's it.

. Q How long was he in there?

. A He was in there for more than several minutes.

. Q Is he anything other than an Assistant U.S. Attorney down there?

. A No.

. Q Does he have a special status?

. A No, just another assistant.

. Q It was at that meeting I think you said--

. A He is in the appellate division and knows how to work jurors very well. Ana Barnett was the one who asked him. This is what she told me recently, she saw David on the machine and asked if he could pull it and he agreed.

. Q You say you came away from the meeting with an understanding nobody understood what the case was about, that you were going to write a memo?

. A I came away from the March 4 meeting feeling as if--you will excuse the vernacular--that my bubble had been popped. I came back psyched from the Costa Rican trip and I felt that I was in the middle of something very important, and, granted, I didn't come back with an assassination plot or large arms shipment, I still felt I was coming back with evidence regarding neutrality violations and still had sufficient evidence to explore the gun shipments.

So I really felt that I would go full speed ahead. When I went into the March 4 meeting, there was no assassination plot, and evidence of the gun shipments was weak, and there was very little interest expressed in my opinion on the neutrality matters--not interest, but just I felt it was comparatively insignificant and I was told to write a memo.

That was weeks at that time, plus I had the boiler room, so nothing was going to get started quickly, and I told the agents that. They knew I was upset. I was upset.

Q At the time you were told that, were you told why you were to write a memo?

A They wanted to be able to sit down with something and study.

Q At that time did you know there was any intention to provide that memo to the Department of Justice or anyone else?

A No way. No.

Q So it was just kind of a thought piece for you and Kellner?

A Obviously it helped me, because it gave me a chance to sit down and realize what I had and go over the documents

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that I had. But the document--I suspected that it was going to Washington. I was never told officially, but I knew it.

Outside of that--when I asked them to clarify it, I asked them to clarify the memo because there was what I felt was classified information in there, and they stamped ''sensitive'' on that.

Q Did you discuss or do you recall any discussions about what was to go into the memo? Not as far as exact substance, but what pieces of information?

A I went ahead, I drafted the memo myself. He didn't like the first draft. He wanted a more comprehensive memo. I gave him a more comprehensive memo. Even prior to May 20 he had made changes. He struck out some of the language. But he still concurred with the grand jury.

I would not say substantive changes were made in any draft prior to May 20. May 20 I was told to change the recommendation, clear and simple. I accepted it because I had more experienced people telling me that I was wrong, but in my heart I knew what I wanted to do.

But I wasn't going to fight them; that is not my place. The only thing I could do is make a recommendation. The only mistake that I made, I feel, was not sticking, letting my recommendations stay on the face of the memo. But as it happened, it didn't make much of a difference anyway because my last memo--my last draft, which contained

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provisions or language that they felt was appropriate, was even changed without my seeing it and sent to Washington.

Q In the course of your discussions over that memo, did you talk about grand jury subpoenas for witnesses differently from grand jury subpoenas for records?

In my experience, one of the earliest things you get out in an investigation is your records, because they take a long time to get in. You like to have the records in front of you when you are doing witness interviews.

In those discussions did you differentiate between records subpoenas and witness subpoenas?

A I asked--I told them I needed both. You know, it's in there. The Bureau felt that some witnesses were deceiving us and we also wanted to obtain some bank records and some--I think they said ATF records.

Even from way early on, from the very first meeting we had on January 22, one of the first meetings where we talked about how we were going to corroborate Garcia, we had noted that we needed bar records from the hotel, the hotel records, airline records--obviously a lot of subpoenas could have been sent out at that point, but they persisted that we didn't need it, we didn't need those records at that time.

Q When the final draft that was done by--I think you said Sharf changed the--

A Let me just make one--I came away, though, feeling up to the May 20th meeting it was only going to be a little bit more, that we were close, they just needed a little bit more, and I never had any idea we were going to be close to six months.

So, you know, that's just the way it was. Go ahead.

Q I was going to say, at the conclusion of the memo I believe you said Mr. Sharf wrote that ultimately went to Justice, there were several sentences added about why record subpoenas weren't needed?

A Right.

Q It might be prejudicial or something like that. Had that discussion taken place, had those items been discussed?

A At the meeting we talked about whether it was important to know who the contributors were, and they felt it wasn't important. But to me, you never know what you are going to find, and when I--I'll just send subpoenas out on a whim if I have a reason--for example, if I go for toll records and I find a call was made from a particular phone call in a hotel, a subpoena goes right out to the hotel asking for any hotel records for any particular people. You don't know--obviously you can only imagine where something like that can lead you.

So to me, I only need even the most barest of evidence to justify sending out a subpoena. That is the whole purpose of a subpoena.

. They felt otherwise. They felt with respect to the Canan records, it was not going to be beneficial. In terms of talking about not identifying Kellner's associates, that was never, to my recollection, said. That was the whole purpose, was to find out who was behind Canan.

. Q Okay. In June the Thailand case came your way. You said somebody was pulled off to do the Miami police investigation that came into your hands then?

. A Yes.

. Q Can you give me a little more detail how that was assigned to you?

. A Dick Gregorie, who was my supervisor at that time, said that the Thailand case--I had spoken to Pat Sullivan before I spoke to Dick and I knew he had a case which required a trip to ~~Taiwan~~ ?/Thailand/?. I found out from Dick--he was just talking to a few people--that the case had become available because Pat Sullivan was taking over the Miami Cops case, so I jumped on it.

. . Q Was there any attempt to assign you to the case?

A No.

. Q What I am trying to get at, did it come from your direction or from theirs?

. A The answer to the question is no, Leon Kellner did not put me on the Thailand case in order to give me a reason for not working on the contra case. I volunteered for the Thai case.

Q That was the more direct way of getting to it.

A No, it was voluntary.

MS. NAUGHTON: I have one last question for the record.

BY MS. NAUGHTON:

Q What instructions, if any, were you given by Mr. Boyd, Mr. Berquest or anyone at Legislative Affairs, other than don't speak about the open cases?

A I spoke with Kimberly.

Q Kimberly Allan?

A I spoke with her. I insisted I be permitted to show you the documents, I was not coming here under any conditions without the documents, and they ultimately agreed to that.

I was told not to talk about 6(e) material. She gave me a list of a few things. It was meaningless to me.

Other than grand jury material, I have basically given you everything. I would also add information pertaining to the merits of the case itself. But I don't think you really asked me much about that.

And I saw Tom, I met him for the first time this morning, and he basically told me if you jump up and start yelling at me, to stay calm.

. Q Have we jumped up?

. A He was saying it facetiously.

. Q What about Mr. Kellner, did you discuss your testimony with him?

. A We went over the chronology. I had prepared the chronology for the interview with the IC's office. I formally prepared the chronology last week. I had it typed, and then I went ahead and prepared sections with the supporting documents to correspond by date with the chronology, and then I finished that Friday night and Saturday the book was put together and Saturday afternoon I called Leon and told him that I prepared the chronology--he did not request it--and I asked him if I could drop it off, because we had planned a meeting for this past Monday, and I dropped the chronology off and then on Monday we went--just like we went through today.

. The only changes in the chronology that were made is that I gave him the memo, FBI memo on August 8th of '86, rather than July 31, and he advised me that we did in fact have meetings on 4-25 and 5-5, because he had notations in his book.

. And we also--I had thought that the discussion about his appointment was on the 4th when I got back from Costa Rica, and it apparently wasn't. It was on the 11th when he

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got back from Great Britain, the day of the FBI shooting. Our meeting was, I would say, pretty comprehensive.

. Q To your knowledge, were there any differences in your recollections, other than the dates of the meetings?

. A I basically conducted the conversation. It wasn't like do you remember this, this and this. I went through it, showed them the documents and that was it. There was no suggestion that we change testimony or anything, nothing of that sort. It was just simply going through events as I remembered it and occasionally I would look at his date book and just confirm whether or not meetings did occur on that date.

. Q Was there any discussion of anything not to say?

. A No.

. [Whereupon, at 2:08 p.m., the deposition was adjourned.]

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DEPOSITION OF JEFFREY FELDMAN
Wednesday, June 17, 1987
U.S. House of Representatives,
Select Committee to Investigate Covert
Arms Transactions with Iran,
Washington, D. C.

The Committee met, pursuant to call, at 9:42 a.m., in Room 2203, Rayburn House Office Building, with W. Thomas McGough, Jr., presiding.

On behalf of the House Select Committee: Pam Naughton, Staff Counsel; Ken Buck, Assistant Minority Counsel.

On behalf of the Senate Select Committee: W. Thomas McGough, Jr., Associate Counsel.

On behalf of the Witness: David Goodhart, Goodhart & Rosner, P.A., 10th Floor Bank of Miami Building, 21 Southeast First Avenue, Miami, Florida 33131.

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MR. McGOUGH: This is a continuation of the Deposition of Jeffrey Feldman. I'm Tom McGough, Associate Counsel to the Senate Select Committee. Also present is Ken Buck. Ken is Deputy Minority Counsel to the House Select Committee.

We are waiting for one other attorney to arrive. In the meantime, we're going to swear the witness and then recess so that Mr. Feldman can examine a copy of his earlier deposition before the committee.

Would the Sergeant at Arms please swear the witness?

Whereupon,

JEFFREY FELDMAN

having been first duly sworn, was called as a witness herein, and was examined and testified as follows:

THE WITNESS: I'd like the record to reflect that the copy that's being provided to me at this time is not a copy of the official transcript but a computer-generated copy from the Senate Select Committee. Is that right?

MR. McGOUGH: That's right. And what we're doing is trying to arrange to get a copy of the official transcript over here. In the meantime, Mr. Feldman can take and look at what we have, and then when the official transcript arrives, pick up there.

With that we'll recess the deposition.

[Recess.]

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MS. NAUGHTON: We are back on the record. It's one o'clock of the same day.

My name is Pamela Naughton, Staff Counsel for the House Select Committee to Investigate Covert Arms Transactions With Iran. Otherwise, the principals in the room are the same.

The witness has been sworn.

EXAMINATION ON BEHALF OF THE HOUSE SELECT COMMITTEE

BY MS. NAUGHTON:

Q Mr. Feldman, could you spell your name again for the record?

A Feldman--f-e-l-d-m-a-n. First name is Jeffrey.

Q Okay. And again, your occupation for the record.

A I'm an Assistant United States Attorney for the Southern District of Florida.

Q Now, Mr. Feldman, you've had the opportunity to review your deposition taken, I believe, last month?

A Right. There are numerous mistakes in the transcript. I've made notations on some of them, but towards the latter part there were just too many. I didn't even bother writing them down. It's going to take time to review and to correct. But I have, you know, right--just here about two and a half pages of corrections at various points in the transcript.

[Discussion off the record.]

MS. NAUGHTON: That's a good idea.

BY MS. NAUGHTON:

Q Why don't we attach, then, your notes as an exhibit to this deposition?

A I don't think you're going to be able to make them out.

Q Well--

A What I could do, if you want, at a later point I can go over the areas that need to be corrected. For the most part they're just names and grammatical errors which are significant because they change the meaning of the text. But I think we can do this at a later point.

Q Okay. What I would ask you to do, then, is to submit in writing your corrections to the record. That will go to our printer's office and to the reporter's, and then the corrections will be ruled on by the committee and then the corrections will go into the record.

A Okay.

Q That's our normal procedure. And then, if you want to review a corrected transcript again, you can be given the opportunity at your convenience to review the transcript.

A Okay.

Q Now you discussed in your last deposition a case which I will refer to as the Garcia case for lack of anything else, but at this point we're talking about an investigation into possible violations of the Neutrality Act and other statutes involving Costa Rica and Nicaragua; is that correct?

A The Garcia case was a gun case. From the Garcia case we began a historical investigation which ultimately led to neutrality allegations.

Q Okay. For purposes of clarity, why don't you tell me what you have labeled the investigation as?

A Well, the investigation is called Costa I. That's the official name that's been given to it by the office, and that file was opened officially on March 16th of 1985.

MR. McGOUGH: Excuse me. Coastal?

THE WITNESS: Costa--C-o-s-t-a--I.

BY MS. NAUGHTON:

Q March 16th, 1986?

A '85. I'm sorry. '86. You're right.

Q All right. And how do the FBI records refer to this case?

A I really don't know. Just--I think they just have ''neutrality matters.''

When you say ''this case,'' I'm talking about the Costa I investigation. My recollection is that they have referred to the case by their file number, which I don't know offhand, and sometimes under the heading of ''Rene Corbo.''

MR. McGOUGH: Okay. Would you spell that for the record?

THE WITNESS: C-o-r-b-o.

BY MS. NAUGHTON:

Q Now, Mr. Feldman, we were talking about your activities in the spring of 1986 regarding this investigation, and there was a point in time in early April, the first week of April, 1986, that you went down in Costa Rica; is that right?

A Right.

Q And you returned approximately April 4th of 1986?

A That's correct.

Q Do you recall a meeting in the office of U.S. Attorney Leon Kellner on that date?

A Yes.

Q Do you recall during that meeting--first of all, could you recall for us who was in that meeting?

A Okay, as I've previously stated, I believe that the U.S. Attorney was there, Mrs. Anna Barnett, Mr. Larry Scharf, and I believe Mr. Dick Gregor~~y~~ic was there. I'm not real sure on Dick. And a Mr. David Leiwant was there for part of the meeting.

Q Mr. Scharf was there, is that correct?

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A Right.

Q And you're not sure about Mr. Gregory?

A Right.

Q Do you recall anyone else coming into the room at any time during the discussion of this case?

A Just Leiwant.

Q Now do you recall any telephone calls being received or sent by Mr. Kellner to the main Department of Justice in Washington during the discussion of this case?

A The only thing--I recall, and I can't say I have a specific recollection of telephone calls during that meeting, it's my general recollection that during most meetings that I had with Mt. Kellner there were telephone interruptions. But I don't have any recollection of specific conversations he was having at any point during this entire investigation. His conferences were never on, to my best recollection, never on a speaker phone. They were just on a hand-held set.

Q So, in terms of any specific telephone conversation from the Department of Justice during that meeting, and specifically discussing this investigation, you can't tell us one way or another if Mr. Kellner actually received such phone calls; is that right?

A I have no recollection of his receiving a phone call from the Department of Justice during the April 4th

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meeting. It's my general impression that he was on the phone during portions of that meeting.

. Q Do you know what Mr. Kellner's secretary's practice is regarding his telephone messages?

. A No, I don't.

. Q Did Mr. Kellner ever say to you with whom he was in contact at the Department of Justice during the spring of 1986?

. A The only person that I recall Mr. Kellner having any contact with at Justice is Mark Richards.

. Q Mr. Kellner never mentioned Lowell Jensen to you?

. A That name was bandied about but it never meant anything to me other than that he was a high official in the Justice Department. But the contact person, the person in Justice that I thought Mr. Kellner was having conversations with, with regard to my case, was Mark Richards.

. Q So Mr. Kellner never referred to any specific conversations he may have had with Lowell Jensen; is that correct?

. A No. I don't have any recollection of that.

. Q What about any conversations between Mr. Kellner and Mr. Steve Trott?

. A Same thing. The name--Steve I knew, and still do, obviously. Mr. Stephen Trott was a high official in Justice, but I had no idea what role Mr. Trott had in this investigation.

Q Did Mr. Kellner ever make any references to you in terms of this investigation to John Poindexter?

A No, not that I recall. In what specific way?

Q Did you ever speak to Mr. Richards or anyone at the main Department of Justice regarding this investigation?

A I may have spoken with him regarding the continuance that was filed, I believe, on March 19th. As I stated previously, I'm not sure if I spoke with Mr. Kellner about the Justice Department's request for continuance or whether I actually spoke with people up there.

Q All right. And this is the continuance of the Garcia sentencing?

A Sentencing. Right.

Q And was it your testimony last time that you recall that the continuance which you filed for was at the request of the main Department of Justice?

A That I'm sure of.

Q And was that Mr. Richards' request?

A I don't really know whose request it was. The only thing I can tell you is that there was a call from Justice. I don't--I'm not sure if I spoke with them directly or if Mr. Kellner told me that Justice had requested a continuance, but I'm positive that Justice had requested a continuance because I put that in the motion as a basis for the request.

. Q And, to your knowledge, that was your basis for the request?

. A That was the only basis.

. I got the motion here. Let me just check something.

. [Pause.]

. THE WITNESS: I'm looking at the motion for continuance, and they have two paragraphs' length setting forth the basis for the continuance, which state that we had the request from Justice and that the Government believes it would be in the best interest of all parties for the court to allow the Government to explore allegations which could possibly affect the sentenbe imposed on Jesus Garcia.

. BY MS. NAUGHTON:

. Q And the date of that continuance?

. A This was filed March 19th at 3:59 p.m. The request from Justice based on the motion itself was made on March 17th at approximately 4:30.

. Q Would that be when Mr. Kellner informed you of it, that 4:30 on the 17th?

. A I remember I received the information late in the afternoon and I would think it would have been on March 17th at approximately 4:30 because that's when I found out about it.

. Q Now going back for a minute to the April 4th meeting.

A Um-hum.

Q Was there a discussion of whether or not the Boland amendment would apply to the investigation?

A Yes.

Q Can you describe the context of that conversation, please?

A Well, when I went to Costa Rica I had prepared a chart, which you're aware of, and the chart basically hypothesized a scenario where Oliver North was pumping funds from the National Security Council through Robert Owens to John Hull, who, in turn, was distributing them to various contra--

MR. GOODHART: Would you excuse me for a minute?

[Mr. Silber conferring with the witness.]

THE WITNESS: Could I have the question one more time, please?

BY MS. NAUGHTON:

Q Yes. I asked you to describe the discussion of the Boland amendment at that meeting.

A The question--the issue about the Boland amendment was raised when I brought out the chart that I had prepared, and there were questions as to whether or not we had jurisdiction to explore possible violations of the Boland amendment; particularly, whether or not--if money that was prohibited by the Boland amendment actually flowed to the contras in the Southern District of Florida, whether or not there's a criminal violation. That's essentially what was talked about.

. Q And did Mr. Kellner come to any conclusions regarding whether or not the Boland amendment could be used in such a criminal investigation?

. A Not at that point. Basically, the Boland amendment was one aspect of the law that we covered, and there was no conclusion reached at that point. There was a conclusion basically reached about a week or so later.

. Q Okay. Can you tell us how that came about?

. A We were just kicking around the question whether or not we have jurisdiction to investigate Boland amendment violations, and even if there was a violation, would it be criminal. And I left the April 4th meeting with the understanding that we just didn't know, so I did some research. I previously told you that I had found some statutes which I felt would criminalize the kind of activity that I had hypothesized, and I believe it was during the meeting I had with Mr. Kellner on the day of the FBI shootout that I explained to him that the activities which would be per se violations of the Boland amendment could possibly violate these other statutes that I had found.

The bottom line was that I had concluded that there was apparently no criminal violation involved in violating the Boland amendment but activity which would violate the Boland amendment would otherwise violate other title 18 provisions, and there was a basic conclusion reached that we really didn't have jurisdiction over those matters and that any evidence of Boland-amendment-type violations would be referred to main Justice.

. Q Now, when you say there was a decision made, can you tell us what exactly Mr. Kellner told you?

. A It's my recollection that he basically concluded that an investigation involving allegations centering around Oliver North and Robert Owens, specifically with the passing of misappropriated funds to contra groups, would be better handled by main Justice than by the U.S. Attorney's Office. I wasn't told to disregard it. I was basically told that any evidence would be--any evidence that I found would be referred back to main Justice and main Justice would handle that.

. Q Did Mr. Kellner indicate to you that he had spoken to anyone at the main Department of Justice during that week or on that day?

. A No. No, not that I can recall. Again, Mark Richards was a name that I heard a lot during that time period, but I don't have any recollection of any specific calls that he may have had with anybody there regarding this case.

. Q Did you prepare any legal memoranda on the application of Boland to your investigation?

. A No. We got--I got a copy of the Boland amendment, I read it, did some research, came up with those other statutes, and I came up with the conclusion that I've previously stated here and explained it to Mr. Kellner, and that was it.

. Q Did you request any such research from the main Department of Justice?

. A No.

. Q Were you ever told that any existed?

. A No. Well later on, in August, I was given a copy of a legal memorandum which discussed the Boland amendment, but prior to that time, no.

. Q And where was this August--when you were given the memo in August from where did it come?

. A Mr. Kellner.

. Q And where did he get it?

. A I assume from Mr. Richards. The reason I say that is because he had told me that he was going to Washington to meet with Mr. Richards.

. Q Was this a memo generated by the Criminal Division?

. A Well let me strike that. I found out that he had met with Mr. Richards. I didn't know at the time that he was going--I knew he was going to Washington. I didn't find out until later that he had met with Mr. Richards during that trip.

. Q Was this a memo that was generated by the Criminal Division?

. A I don't know who wrote it.

. Q Well was it in memorandum form; in other words, a ''to'' and a ''from'' section?

. A No. In fact, the administrative portions of the memorandum were clipped away, so I don't know who requested it and I don't know who wrote it.

. Q Was there a date on it?

. A Not that I recall. I could check; I have the memorandum--

. Q Do you have it with you?

. A --in the office. No, I don't.

. Q Was there any way of telling from the context of the memo when it was written?

. A I would really hate to say because I haven't looked at it in a long--it's been a long time. I really can't say at this point. There may be--

. Q Can you tell us generally, to the best you can recall, what the memo said?

. A The memo discussed the Boland amendment, the neutrality, various statutes under the Neutrality Act, and I can't recall if the discussion got fact specific. In other words, I don't know if it was a general legal discussion or there was a general legal discussion and then it was applied to various factual hypotheticals.

. I still have it. The best way I think for me to handle this would be to go back and to look at it and perhaps call you, because I'd just be guessing at this point. But I know it covered those specific areas.

. Q That would be very helpful. Because we've received memos from the Department of Justice, legal opinions. I just want to make sure that what you got is what we got.

. A Okay.

. Q Now sometime after April 1986 did you take another trip to Costa Rica?

. A No. I took one trip to Costa Rica, that was it.

. Q I think you said, Mr. Feldman, that you haven't--you told us earlier off the record that you haven't been watching the hearings; is that correct?

. A That's right.

. Q All right. Are you aware that several sources have indicated that you and the FBI agents made more than one trip to Costa Rica?

. A Well, just from you. I have only been to Costa Rica once in my life. That was it.

. Q Do you recall telling anyone, either in your office or any other branch of government, that you had gone to Costa Rica a second time?

. A No.

. Q Did you ever tell anyone that?

. A Not to my--no. Just no. Because it's--I've been there one time.

. Q Can you give us the dates again when you went to--

. A Sure.

. Q --not Costa Rica, but Thailand?

. A Um-hum. 6/20/86 is when I left for Thailand, and I returned on 6/28.

. Q Were you out of town any time from April 4th until June 20th, 1986?

. A Yes. I was in Freeport for one day on April 28th of 1986.

. Q Where?

. A Freeport, Bahamas.

. Q Was that on a case?

. A Yes.

. Q Any other time?

. A Not that I can recall; no.

. Q And from June 28th, 1986, until let's say September 31st, 1986, were you out of town?

. A September 2nd I was in Key West and September 5th I was in Tampa. Now those were just one-day trips.

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. Q I got the September 2nd. What's the other one?

. A September 5th I was in Tampa, Florida.

. Q And was that on a case as well?

. A The Key West trip was on a case, and the Tampa trip was for a bar matter.

. Q Any other trips within that time period?

. A No, not that I can recall. I don't think so because my son was sick during August and we were basically hung up.

. Q There was recently a follow-up article in the Village Voice. Have you read that follow-up article?

. A No, I haven't.

. Q The article said that, among other things that two people in the room on April 4th, 1986, during that meeting overheard the call and Mr. Kellner's comments with main Department of Justice regarding this case. Do you know who those two people are?

. A I know--well, I know that David Leiwant was one person who allegedly heard these statements made. I don't know who the second person is. That's basically the best I can do.

. Q All right. And have you spoken to Mr. Leiwant about this matter?

. A No. In fact, Mr. Leiwant came to see me about this matter and I refused to talk to him because I felt it would have caused an appearance of impropriety.

. Q And was that before he came to Washington?

. A The day before he came to Washington.

. Q And since his return from Washington, have you discussed this with Mr. Leiwant?

. A No.

. Q Have you discussed this, I'll say incident during the meeting of April 4th, 1986, with Anna Barnett?

. A I've discussed it with her many times. In reference to--

. Q In reference to the alleged telephone call from the main Department of Justice.

. A I don't understand your question.

. Q In other words, does Mrs. Barnett recall that such a call occurred during that meeting?

. A I really don't know. You know, because I'm still wondering myself who the second person is--who the alleged second person is. I don't know the answer to your question. I don't recall Anna Barnett ever telling me that she heard Leon Kellner tell me to slow down.

. Q Well, wait a minute. My question is did she ever discuss with you or you discuss with her whether or not a phone call took place from the Department of Justice or to the Department of Justice from Mr. Kellner's office on April 4th, 1986?

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A I may have discussed that with her.

Q All right. And what was her recollection?

A That's what I don't know. My recollection is, is that she did not recall such a phone call. The reason I say that is because the only person, and, you know, I spoke with the principals who were in the room--Mr. Kellner, Mr. Gregor~~y~~ie, if he was there. Again, I'm not sure. But I know Miss Barnett and Mr. S~~c~~harf were there, and to the best of my knowledge no one heard him say that. I know it wasn't said because I don't recall it.

I don't know if that answers your question.

Q Well my question is, then, to your knowledge, aside from Mr. Leiwant no one that you know recalls specifically that conversation?

A I asked Mr. Kellner about the possibility of a second person, and he told me that the only thing that he could surmise is that--

MR. GOODHART: Excuse me. Let me step outside with my client for a minute.

[Mr. Goodhart and the witness left the room briefly.]

THE WITNESS: One more time.

BY MS. NAUGHTON:

Q All right, let's take it one step at a time.

A Okay.

Q Now right now I'm not talking about the substance

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of that telephone call, what might have been said or what Mr. Kellner might have said to you.

. A Okay.

. Q I'm simply asking you whether such a call was either received or made to the Department of Justice regarding this case during that meeting.

. A Okay. The bottom line is I don't know.

. Q But as a context for my next questions, to ask my question, not the content but the call.

. A Okay.

. Q Did you discuss with the other people in the room subsequently whether or not such a call took place during that meeting?

. A The best I can say is I may have. I don't have any specific--other than speaking to Mr. Kellner about the possibility of a call, I don't have any recollection of speaking to anybody else about the possibility of a call coming from Justice or a call being made to Justice during that meeting.

. Q All right. So you never went, for instance, to Mrs. Barnett and said, do you remember such a call?

. A I don't recall doing that.

. A I don't recall doing that.

. Q Did you ever say that to Mr. Gregory?

. A I may have. I really don't know.

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. Q Did any of the people in the room at that meeting ever tell you at any time that they recalled a telephone call either being made to or received from the main Department of Justice during that meeting?

. A I really, I'll tell you I really don't know. You know, that may have happened. They get phone calls from Justice all the time. But, you know, you're not giving me any context at all to deal with. I have no idea if a phone call--if anybody told me or in fact it actually occurred whether or not a phone call was made or received during that meeting to or from Justice. I'm not going to say it happened and I'm not going to say it didn't happen; I just don't know. And I don't know if anyone else told me that or if I approached anybody else on that.

. Q I want to get your answer straight. So your answer is that you cannot recall whether or not anyone else told you that they recalled such a call was received at that meeting?

. A Correct.

. Q You said you discussed with Mr. Kellner the fact that two people had mentioned overhearing this comment about slowing down.

. A Um-hum.

. Q How did that conversation come up?

. A Well I saw something about that in the paper.

. Q Which paper?

. A I don't recall. It was maybe the Miami Herald or Boston Globe or something. And I said, who is the second person? And he said, well, that may be Larry or Dick. They may have recalled that I said something to the effect, you know, go slow, be careful. And then he said that that's normal because in sensitive cases he tells his prosecutors to be careful. That was the full extent of it, and that's the only knowledge I have of the existence of a second person who overheard him tell me something.

. Q But I'm speaking specifically of the April 4th meeting and the phone call, not your subsequent instructions by anyone.

. A Oh. I see. Okay, no. The bottom line is I have not discussed the existence of the phone call with Mr. Kellner.

. Q All right.

. A If anything, I recall him saying that it didn't happen. I mean, just an outright denial by him. But I had no per se conversation about it; he's been denying it all along.

. Q The conversation you described was with Mr. Kellner the day of the FBI shootout.

. A Okay.

. Q Was that prior to the shootout occurring or after?

. A No, that was after.

. Q So it was later in the afternoon?

. A He was coming back from London that day, I remember that, and it was very late in the afternoon.

. Q Had he already visited the hospital?

. A No. I think that--I don't know. I really don't know. I don't know when he visited the hospital.

. MR. McGOUGH: Well, did he refer to it to you?

. THE WITNESS: No. You know, I don't think it was that day because he had just gotten off the plane from London.

. MR. McGOUGH: So you don't think what was that day?

. THE WITNESS: I don't think that he visited the FBI agents the day that he got back from London.

. BY MS. NAUGHTON:

. Q Have you discussed with either FBI Agent Kiszynski or FBI Agent Currier their depositions to the committee?

. A Just briefly.

. Q Okay. And what did you discuss with them?

. A The only thing that I recall is George Kiszynski asking me when I gave him a copy of the May 22nd draft of memo, and then there were some general references to the tone of the deposition and very, you know, just very general discussion. I didn't ask him, you know, what did you tell them, what questions they asked, and all that other stuff.

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In other words, there was no formal debriefing of the agents.

Q I'm not asking that. I just asked what you discussed.

What did Mr. Kiszinski ask you about the May 14th memo?

A When I gave it to him. May 22--I gave--when you say the May 14th memo, there were several drafts which had the date May 14th on it.

Q Yes, I know. That's why I'm referring to May 14th memo.

A I take it you--the very first draft?

Q No. The memo dated May 14th, 1986. All the versions have that date; correct?

A Right.

Q Okay. So when I refer to the May 14th memo that's what I'm referring to, all the versions.

A Okay.

Q What did you discuss with Mr. Kiszinski regarding that memo?

A When I gave him the draft that was printed on May 22nd.

Q And what did you tell him?

A I told him I had no recollection of ever giving him that draft.

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. Q Now the May 22nd version is which version?

. A The very last draft I submitted to Mr. Kellner.

. Q Without Mr. Scharf's additions, is that correct?

. A Correct.

. Q And you say that you never gave Mr. Kisszinski that version?

. A I said I have no recollection of giving him that version.

. Q And which version of that memo do you have a recollection of giving Mr. Kisszinski?

. A I have no recollection of giving Mr. Kisszinski any memo. I gave a copy of the May 14th, or the actual draft that was printed on May 14th, I have a recollection of giving Kevin Currier a copy of that. That was the very first draft of the May 14th memo.

. Q Did you give either Mr. Kisszinski or Mr. Currier or anyone from the FBI the absolute final version?

. A I have no recollection of giving them that. Mr. Kisszinski said that I did. I don't recall doing that.

. Q Do you recall giving anyone the very final version of the memo?

. A I think after it was leaked a few months ago I gave fresh copies of the draft to people in the office to send to Washington. That's the only recollection I have of providing copies of that memo.

. Q What was the purpose of sending the fresh drafts to Washington?

. A You'd have to ask Mr. Kellner that. I don't know.

. Q What did he tell you to do?

. A Make me a copy of the memo.

. Q And he was going to forward it to main Justice?

. A I assume. I assume that he was.

. Q Was that sometime in the spring of this year?

. A Whenever it was that that memo was leaked, that's when this occurred. I would say the spring is fair; it was just a few weeks ago.

. Q And did you send your other drafts of the memo as well?

. A No.

. Q Just the very final version?

. A That's right.

. Q Why didn't you send your other drafts?

. A They didn't ask for them.

. MR. McGOUGH: Could I interject? When you say the very final draft, is that with or without Mr. Scharf's changes?

. THE WITNESS: I'm talking the draft with Mr. Scharf's changes was the copy that I submitted to Mr. Kellner.

BY MS. NAUGHTON:

Q Did anyone ever indicate to you, anyone inside or outside of the Government, who had leaked that memo?

A No.

Q Have long have you known Mr. Kiszinski?

A Oh, since March of 1985.

Q And have you ever discussed with him in general his feelings regarding the contras in Nicaragua?

A We talked about it.

Q Okay. Do you know what Mr. Kiszinski's general feelings are regarding the contra cause in Nicaragua?

A I would say that he supports the fight against communism. His father was the victim of a totalitarian state, so I think that he would support any effort to fight communism, and based on that I would think that he would support the efforts to eliminate communism in Nicaragua.

Q Could you describe to us his ties to the Cuban-American community in Miami? Are his contacts good? Are they non-existent?

A I would be speculating. I couldn't do that.

Q Well hadn't he done prior investigations in which the Cuban-American community in Miami helped him?

A The only--I can speak from personal experience. I was second chair on a case that Mr. Kiszinski was lead agent on. That was the Omega 7 case. In that case he and other

FBI agents basically destroyed Omega 7. That's the only case, the only instance that I would have to judge Mr. Kiszinski's ties to the Cuban community on, other than my involvement with him in this case.

. Q Okay. Do you have any indications whatsoever of any kind that might lead you to conclude that Mr. Kiszinski may have leaked information regarding this particular investigation to anyone?

. A The only thing I'm aware of is that a letterhead memorandum was prepared in March of 1985, I believe by Kevin Currier, that was sent to headquarters. I have no reason to believe that George Kiszinski leaked any information to any unauthorized individuals.

. Q Do you know why such a memorandum was prepared and sent to FBI headquarters?

. A I've since learned that Buck Revell had requested the memorandum.

. Q And when did you learn of Mr. Revell's request?

. A I would say sometime in the last two or three months.

. Q Did Mr. Revell ever contact you in any way?

. A No. No. I don't even know who he is.

. Q Were you told the reason for Mr. Revell's request?

. A No.

. Q And who told you about Mr. Revell's request?

A Kevin Currier.

Q Do you know whether at the time of the request that either the FBI agents or yourself were aware of Mr. Revell's relationship with Oliver North?

A No. I didn't know and I don't know if they knew.

Q Do you know when Mr. Revell requested the information of the FBI?

A It was sometime in March. It was a letterhead memorandum. A very long one.

Q In March of '86?

A Right. Right. March of--late February, March, somewhere in that area.

Q Were you ever told by anyone either within or without, or outside of the Government that anyone at the National Security Council either requested a briefing or had been briefed by anyone at the Department of Justice regarding your case?

A No. The only information I had about the NSC discovering anything about this case was when I was in Costa Rica Paul Fitzgerald told me that the National Security Council had spoken to John Hull the day before I was supposed to speak to him.

Q Did Mr. Fitzgerald say whether or not Mr. Hull placed the call to the NSC or did he receive a call from the NSC?

A Just that the NSC had--I have my notes. Let me refer to them.

I have a note 4/3/86, 10:30 a.m., Paul Fitzgerald advised that John Hull was in Kirk's office yesterday. Kirk told Paul that Hull had been contacted by the National Security Council and Voice of America regarding our visit. I'm reading that verbatim.

Q Now Kirk is who?

A Kirk Kotula.

Q All right. So Mr. Fitzgerald is telling you what Mr. Kotula told him.

A Right.

Q And you said that Mr. Hull had been at the embassy the day before?

A Um-hum.

Q On April 2nd.

A Right.

Q And had been in contact with the NSC and the Voice of America?

A Right.

Q Did he mention any names?

A No. This is all I have.

Q Did you ask Mr. Fitzgerald about further details of that.

A The only thing I can tell you is what I have here on the paper. My recollection is that I did not receive any additional information from Mr. Fitzgerald.

. Q Did you ever receive any information as to whether or not Mr. Hull met with Ambassador Tambs?

. A Yes.

. Q And what was that?

. A Jim Nagle, at 9:15 in the morning on April 3rd of 1986, advised me that Mr. Hull spoke to Ambassador Tambs the day before and that he had spoken with Kirk Kotula. Jim Nagle further told me that Kotula advised Hull not to speak with us without counsel, and that's when Mr. Nagle said, ''Hull is a friend of Ronald Reagan. If you understand what I mean. Ronald Reagan knows who John Hull is. You know politicians.''

. Q The day you arrived, I believe it was March 21st, is that correct?

. A I arrived on the 31st but it was very, very late.

. Q All right. So on April 1st, then, of 1986 is when you met with Ambassador Tambs?

. A Right.

. Q At the beginning?

. A Um-hum. Let me just check my chronology, okay? Right. Well, actually no. It was March 30th that I had left for Costa Rica and March 31st that I met with him. It was Easter Sunday was the day that I left.

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Q And after Ambassador--strike that.

A Yes, it was definitely March 31st that I had spoken with him.

Q When you first entered the room where Ambassador Tambs was, who else was in the room with you?

A The three agents who were with me. That was it.

Q Mr. Currier, Mr. Kiszinski, and who else?

A The legate. The FBI legate out of Panama.

Q And you four were alone with Ambassador Tambs?

A For about 20 seconds maybe. That was it.

Q And after you began to brief with Mr. Tambs, Ambassador Tambs, and showed him the chart, he called for [redacted]?

A Right.

Q And [redacted] had what comments to make about Oliver North?

A May I refer to my notes?

Q Sure.

A I'm referring to my notes made March 31st, 1986, during my conversation with [redacted].

MR. McGOUGH: Excuse me for one second.

[Discussion off the record.]

BY MS. NAUGHTON:

Q Mr. Feldman, if you could refer to [redacted] as Mr. Castillo, we would appreciate it.

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A I can't do that.

Q Because that's the only name you know him by?

A That's right.

Q Let's just refer to him as [redacted] then, for the purposes--

A Fine.

Q What did [redacted] say about Oliver North.

A Told me that he was [redacted]

[redacted]

He said that John Hull--

[Mr. Silber conferring with the witness.]

THE WITNESS: Are you asking me specifically what [redacted] told me about Mr. North or--

BY MS. NAUGHTON:

Q Right.

A --specifically what he told me in general?

Q About Oliver North.

A The only thing that I recall [redacted] telling--or [redacted] telling me about Oliver North was that Oliver North had introduced him, [redacted] to the President of the United States the week before my visit, and that--let me just go down here to double check.

He also told me that John Hull knew Oliver North and knew Rob Owens. I remember that. That was essentially it.

. Q Okay, Mr. Feldman, those are the questions I had in terms of preparation for you.

Upon reflection after your last deposition and in the light of any subsequent events, is there anything that we haven't asked you specifically but that you feel that the committee should know about?

. A No.

. MS. NAUGHTON: I have to leave, but I will do so quietly, and if you want to start your questions, just go ahead.

. MR. McGOUGH: I just have a few.

EXAMINATION ON BEHALF OF THE SENATE SELECT COMMITTEE

. BY MR. McGOUGH:

. Q In reviewing your deposition I was a little uncertain and I'm still a little bit uncertain when you first heard the name Oliver North.

. A Very early on.

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Q Do you remember from whom you first heard the name?

A No. As I stated previously, I believe it was from a number of sources--the Jacqueline Sharkey Common Cause article, John Mattes, newspaper articles. That's basically--that's the best I can do.

Q All right. And I believe you testified earlier that on March 14th you had a meeting with Mr. Kellner.

A Um-hum.

Q This was the first meeting you had with him is when he walked into the office and said, is anyone working on this--

A Right.

Q --on this case?

To the best of your recollection, at that time were you aware of the North allegations?

A I would--let me check something here, please.

[Pause.]

THE WITNESS: I would say that I was aware that allegations were being made against Oliver North as early as December of '85, and I make that conclusion on the basis of my notes from a meeting in December of '85.

BY MR. McGOUGH:

Q In your meeting on March 14th with Mr. Kellner and Ms. Barnett, I believe, to the best of your recollection, did you mention at that point a possible connection with the

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National Security Council and Oliver North?

. A No.

. Q Why not?

. A Why? Because I didn't know. You know, all I--you got to understand that the only thing that we were working at that point was an alleged assassination plot. That plot was based on the testimony of Jesus Garcia. That testimony basically proved--well, with regard to your specific question, the answer is no; because at that point I had no reason to believe that Oliver North was involved in a plot to assassinate the United States Ambassador.

. Q I believe you indicated that you had read the Common Cause article in the fall of 1985, is that right?

. A Right.

. Q Leading up to your first meeting with Mr. Kellner, do you recall reading any other press reports of NSC involvement or North involvement in supplying the contras?

. A I may have. I don't know.

. Q But you don't specifically recall any articles you might have read other than the Common Cause article?

. A I had articles in a file. I really, I can't answer your question.

. Q When is the first time, to the best of your recollection, you discussed the allegations about Colonel North with Mr. Kellner?

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. A I imagine sometime around the time that I drew up the charts.

. Q That would have been beyond before your trip to Costa Rica?

. A I would say yes, because I had the charts in my possession when I went to Costa Rica.

. And when you say allegations, let me say this to you. That I at that time had no specific evidence of wrongdoing on Oliver North's part. The only thing I had was an hypothesis and that was it.

. Q I understood, and that's why I call them allegations, as opposed to anything more than that. I understand that what you had was--and correct me if I'm wrong. What you had was someone somewhere in the chain of witnesses that you were dealing with mentioning Oliver North as being possibly involved in supplying the contras.

. Going to the April 4th meeting, you mentioned--I know we've been through the roll a few times, but you mentioned Mr. Kellner, Mrs. Barnett, Mr. S~~c~~tharf, perhaps Mr. Gregor~~y~~ie, Mr. Leiwant part time.

. A Um-hum.

. Q Now looking, in particular, at Mr. S~~c~~tharf, do you recall whether he was there the entire time or were there points at which he was absent?

. A No. My recollection is that he was there the entire time.

. Q Do you remember the time of day that meeting took place?

. A It was late afternoon, somewhere around 2:30, because my flight didn't get back until 1:00.

. Q Did it extend into the early evening? By early evening I mean five to six o'clock.

. A I would say yes.

. Q To the best of your recollection, was Mr. Scharf present at that meeting when Mr. Leiwant was present at the meeting? Can you recall them being in the room at the same time?

. A Yes.

. Q You said it with some emphasis. Do you have a specific recollection that Scharf was there at the same time--

. A Scharf and Leiwant were in the room at the same time.

. Q How about Mr. Gregory? Can you place Mr. Leiwant and Mr. Gregory in the room at the same time?

. A I don't think--I can't say for sure because I'm not sure if Mr. Gregory was there.

. Q I see. And Mr. Leiwant was only present for that one meeting, is that right?

. A Right.

Q So, if you were--that's all hypothetical. I just want to say you don't have a specific recollection of Gregory and Leiwant ever in the room at the same time because you don't know if Gregory was there.

A Right.

Q On how many occasions have you talked to Mr. Richards about this case or about any case?

A I don't think I've ever spoken with Mr. Richards.

Q When discussing the continuance, you said that you may have spoken to Mr. Richards about the continuance. You're not sure whether the call came to you or whether it came to Mr. Kellner.

A I may have spoken to somebody at the Justice Department. The only reason I know of Mark Richards is because I know that's someone who Mr. Kellner and Mrs. Barnett have referred to.

Q So to the extent you spoke to someone at the Justice Department, it would not have been Mark Richards?

A I don't know.

Q Do you ever recall speaking to Mark Richards?

A I have no recollection of speaking to someone at Justice who called himself Mark Richards. I just remember possibly speaking to somebody about the request for the continuance. Other than speaking to Joe Tafe, that was the only conversation I had with people at Justice.

. Q All right. Well that was really going to be my next question. How often do you talk to main Justice at all?

. A I spoke with Joe Tafe two times. Three times, maybe.

. Q Joe Tafe is who?

. A He's somebody who oversees neutrality cases in the Department.

. Q So am I incorrect in assuming that a conversation with main Justice would have been a significant, or an unusual event in your career.

. A I wouldn't say necessarily unusually, just my correspondence with Justice went through my supervisors, except for Joe Tafe.

. Q Have you spoken to anyone at main Justice in the past two weeks?

. A Tom Boyd.

. Q When was that?

. A When did we leave? Yesterday.

. Q Was that to discuss whether or not you were to come down here?

. A Right.

. Q And did you talk about the substance of your testimony at all?

. A Not really. I spoke with him I think two or three days before that.

. Q On the same topic?

. A Right.

. Q Other than Mr. Boyd on those two occasions, have you spoken to anyone at main Justice about--let's say since the time--

. A There's been a lot here. Carolyn Nable. Kimberly Allen. I mean there's been several people, but I've never sat down and discussed the case with them. Actually, after my last deposition I went back and spoke to Tom Boyd.

. Q Did a debriefing of some kind?

. A Right. And we may have mentioned something about Leiwant testifying. That was it.

. Q Have you spoken to Mr. Kellner about the case, about the investigation since--by the investigation I mean our investigation--since you testified here last in, I think, April?

. A Yes, but it was informally. There was no debriefing.

. Q What do you mean by informally.

. A We just talked about our mutual experiences.

. Q Did you establish any points on which you disagreed?

. A No. As you know, before we came here we sat down and went through the chronology.

. Q But to date, you haven't established any points on which you disagree with Mr. Kellner?

. A There are so many points. I mean that's sort of a--it's not a fair question.

. Q I just mean as between you and him.

. A Okay. I can't answer that.

. Q I'm not asking you whether you ever disagreed with him, but whether you and he ever discussed over which you disagreed.

. A Not disagreed. He didn't remember making, or deciding to refer evidence of the Boland amendment violations to Justice.

. Q When did you discuss that with him? I know you discussed it on April 11th, 1986, but when did you discuss that incident with him after that?

. A The Miami Herald ran an article on Memorial Day, the Monday the Memorial Day is celebrated, and there was a question as to why I did not put in my memo the chart concerning Oliver North. And that question was asked to Mr. Kellner and he stated that he didn't know why I left it out but that I had obviously done that. And then the following day, that Tuesday, I went in and spoke to him, and it was at that time that I said, you know, you had made the decision to refer evidence of Boland amendment violations to Justice. I said so, you know, anything pertaining to the Boland amendment really was not going into that memo, number one. Number two, the memo itself did not concern theory. It concerned what we had. It was an evidentiary summary and the only evidence that I had about Boland amendment violations was Peter Glibbery's statement about John Hull getting $10,000 a month from the National Security Council and my treatment at the embassy, and all of that was in the memo anyway. So that was it.

. Q And did Mr. Kellner indicate that he did not recall that decision?

. A No. He apologized. He said he had forgotten it.

. Q Did he indicate that upon being reminded of it he remembered it? What I'm trying to establish is whether or not he recalled that event upon your--

. A He just said he forgot it. Those were his exact words.

. Q To your knowledge, did Mr. Kellner ever refer any evidence to the Justice Department regarding the Boland amendment?

. A I would think not because, quite frankly, we really haven't come up with any. The only evidence that we had was what I have previously informed you of, and that was sent off to Washington June 30th.

. Q Your meeting on the 11th when Mr. Kellner made the decision to defer to main Justice on the Boland amendment.

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Did you agree with that decision?

A Say that again now.

Q Did you agree with that decision?

A You know, all I was--the answer to your question is, I really had no feeling because it really wasn't right. We didn't have anything at that point, and if I had come up with something, you know, maybe I would have felt something one way or another. But I wasn't told to just close my eyes to evidence of Boland amendment violations. I was just told that if I have evidence of Boland amendment violations that's going to be referred up to main Justice because they're the ones that should be handling a case involving allegations of that magnitude. That's their call. So, you know, quite frankly, it really wasn't right because we hadn't reached that point.

A At that time did you suspect Mr. Kellner's motives in making that decision?

Q Not at that point. You know, as I said in the previous deposition, people by that time were already kicking around allegations, but I never went into meetings feeling that they had pre-decided things. You know, when--there was too much critical analysis of the points that I was raising, and I never got the impression that this was all a big plan and that they were going to stop.

I'd be lying to you if I told you I didn't think

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about it or the possibility of it, but I had been never given any reason to believe it.

Q You've testified both last time and this time that to the best of your recollection Mr. Kellner indicated to you that you should slow down your investigation.

A August 29th was the only time.

Q All right, I take that back, then. August 29th.

Did Mr. Kellner ever indicate to you that main Justice wanted him to slow down the investigation?

A No.

Q Whether or not he, himself, wanted to do that, that he never relayed that feeling from main Justice to you?

A On May 20th, the only message I got from Leon Kellner is that he wanted to be careful and he wanted to make sure that the right thing was done. That was the only message that I got.

Q Does this confusion about the number of trips to Costa Rica, and I know you've testified that you only went once--to your knowledge, did anyone else in the Department of Justice or the FBI ever make a trip to Costa Rica to investigate anything in regard to what you've called the Costa investigation?

A I have no knowledge of that. The only person I know who made two trips to Costa Rica within close proximity of each other was John Madison.

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. Q You mentioned trips to Freeport and Key West.

. A Um-hum.

. Q And you said it was in relationship to cases. Were either of those trips in relationship to this case?

. A No.

. Q You said Mr. Leiwant came to see you the day before he came to Washington to testify.

. A Right.

. Q Can you tell me what he said and how that came about?

. A He wanted to know--he knocked at my door, I said I didn't want to speak to him. He said, all I want to talk to you about is the proceedings--actual procedure that you all utilize. And I said, if you want to know that, you go speak to Anna Barnett. I said, I don't think it's proper for us to be speaking. I said, I think it creates the appearance of impropriety, and I ended the conversation.

. Q I think you indicated to Pam that Mr. Kellner may have told you that Larry or Dick remember Kellner saying something like go slow and be careful.

. A Right.

. Q And some standard instructions like that. Can you flesh that out a little bit? I mean, in what context did Kellner raise that with you? Was that in your discussion leading up to these depositions, or how did that come up?

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. A I read a newspaper article that quoted a source as saying that there were two Assistant United States Attorneys who overhead Mr. Kellner make that remark to me. Up until that time I had only known of one person and that was David Leiwant, so the second was a complete surprise. I was in Mr. Kellner's office for some reason and I mentioned to him the article, and he said he saw that. And I said, do you know who the second person is? And he said, it may be Larry or Dick. One of them may have overheard me say something about--well, you know, go slow, be careful. That's the only thing that I recall.

. Q And go slow, be careful was in the context of standard instructions in any investigation, to be careful and not rush?

. A Well,yes. Right.

. Q Did he indicate when Larry or Dick recalled him saying that?

. A No.

. Q Did he indicate whether in fact he knew that Larry and Dick said that or whether this was just his speculation as to who the second person might be?

. A It was more he answered my question in a speculative manner.

. MR. McGOUGH: That's all I have. Tim?

. MR. BUCK: I have no questions.

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MR. McGOUGH: Thank you.

[Whereupon, at 2:15 p.m., the deposition was concluded.]

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SELECT COMMITTEE ON SECRET MILITARY ASSISTANCE
TO IRAN AND THE NICARAGUAN OPPOSITION
UNITED STATES SENATE
AND
SELECT COMMITTEE TO INVESTIGATE COVERT
ARMS TRANSACTIONS WITH IRAN
U.S. HOUSE OF REPRESENTATIVES

- - -

Tuesday, August 11, 1987,
Washington, D.C.

Deposition of DAVID C. FISCHER, taken on behalf of the Select Committees above cited, pursuant to notice, commencing at 10:15 a.m. in Room 901 of the Hart Senate Office Building, before Terry Barham, a notary public in and for the District of Columbia, when were present:

For the Senate Select Committee:

W. THOMAS McGOUGH, Esq.

4350

For the House Select Committee:

THOMAS FRYMAN, Esq.
SPENCER OLIVER, Esq.
KENNETH BUCK, Esq.

For Senator Orrin Hatch:

DEE BENSON

Partially Declassified/Released on 1-23-88
under provisions of E.O. 12356
by N. Menan, National Security Council

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For the deponent:

CHARLES R. WORK, Esq.
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1850 K Street, N.W.
Washington, D.C. 20006

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Whereupon,

DAVID C. FISCHER

was called as a witness and, having first been duly sworn, was examined and testified as follows:

EXAMINATION BY COUNSEL FOR THE

SENATE SELECT COMMITTEE

BY MR. McGOUGH:

Q Mr. Fischer, I'm Tom McGough from the Senate Select Committee. If you have any questions about any of the questions I ask you, just stop me, and let me clarify them for you if they might be confusing.

A Okay.

Q I'd like to get a little bit of background information before we begin. Could you tell me how you are currently employed and what your business address is.

A Currently, self-employed, under David C. Fischer & Associates, with an address now of [redacted]--no, that's the old address--of [redacted]-in Vienna. Now that is just--that's a mailing address. That's my home, and I've got an office there, but, you know, I do the work downtown. But that's officially where the corporation is listed.

Privacy

Q Did you say you do have an office downtown?

A Yes.

Q All right. And where is that office located?

A I kind of split my time between--actually, at Mr.

Work's office is where they're preparing an office, and so I kind of office hop until the permanent facility is available.

Q And where is the permanent facility going to be?

A At 1850 K Street, Suite 500. And I also still have access to an office at IBC, which is Rich Miller's firm at 1912 Sunderland Place, Northwest.

Q What's your date of birth?

A [redacted]

Q And your Social Security number?

A [redacted]

Q You're married, is that correct?

A Married, with three children.

Q Could you give me your educational background.

A You bet. Starting with high school?

Q Yes. Why don't we start there.

A I graduated from Salinas High School, Salinas, California, in 1966. I graduated from Hartnell Junior College in Salinas in 1968. I graduated from California State Polytechnique, San Luis Obispo, California in '71. I graduated from J. Rubin Clark Law School of Brigham Young University, Provo, Utah, in 1976.

Q Were you continuously a full-time student from high school until you finished law school, or did you take time off to work?

A There was a brief period where I took a little time off, I think about a semester.

Q And where did you work during that semester?

A I was working with a citizens group in Salinas, an agricultural group.

Q And could you put an approximate date on that?

A Let me see. I want to say early '70, I think is about when it was.

Q When you finished law school, what was your first employment?

A While I was still in law school I was working for--I think it was called Citizens For Reagan, whatever Reagan's campaign committee was, and that continued until the convention, Kansas City convention in '76. And after that I did consulting work for Deaver and Hannaford.

Q Is that Michael Deaver?

A Mike Deaver and Pete Hannaford, right, which was Reagan's, Ronald Reagan's office in Westwood. In January of 1977, I went to work for Orrin Hatch back here.

Q Let's stop there for a second. What was your assignment with the campaign?

A The campaign? Was advance work.

Q Advance work?

A Yes.

Q And this was all the way through the convention?

A Yes, up until the convention, and then there was a small group of us who continued with him as he travelled in support of Republican candidates. So what we would do, we would just divide the trips up.

Q In 1977 you went to work for Senator Hatch here in Washington?

A Yes, and then, in his Utah office.

Q And what were your positions there?

A You know, I don't even know what the title of the position was. Constituent relations, primarily, and public relations, and then I went out to Utah to help set up his Utah operation.

Q How long were you employed by Senator Hatch?

A I think it ended in the summer of '77, and then started with Deaver and Hannaford on a consulting basis, going full-time with Deaver and Hannaford in about January of 1978.

Q What were you doing for Deaver and Hannaford?

A Deaver and Hannaford described the position as executive assistant to Ronald Reagan. I worked strictly on Reagan's account. Reagan was their number one client, and the responsibilities there included planning his worldwide travels, handling what you'd call the advance scheduling operation and security, and also, travelled with him wherever he went, and some work on handling--you know--some of the PR, the correspondence. And then, as we got closer to the

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campaign I got involved in the strategic planning for his 1980 bid for the presidency. You know, some press relations and--

Q Your official title was executive assistant to the President and at that time--

A Executive--to Governor Reagan.

Q I'm sorry. To Governor Reagan. Excuse me. Did that title change at some point, or did you maintain that title continuously through the 1980 election?

A Well, that's, you know, that's the title that I had. When we became a campaign, I continued in the same function. I mean, people kind of--you know--I believed that was still the title. That the job at that point got a little more refined. Now we had Secret Service on board, so I no longer had to worry about security even though I was the liaison for the Secret Service.

And at that point I became more helping to run the advance operation, scheduling operation, and I spent a lot more time on the personal aide role. We went from a very tiny operation at Deaver and Hannaford to a full-blown campaign, so we had a lot of support staff.

Q How did you first become connected with the Reagan campaign?

A I'll do this quickly because I have a tendency, as you know, to very long answers. My last year at law school,

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I wrote to--I'm trying to think of who ran Ford's campaign--Bo Calloway, and expressed an interest in working for the Ford campaign.

As I recall, I got a form letter back saying this--you know--we're working under the first Federal election laws, and restricted money, we already have our staff picked, thank you for your interest.

I flew back on my own and started knocking on doors, trying to get into Calloway and other people, and I spent about three days trying to see if I could find a spot on the national staff.

I had no luck, and then, just before I went to the airport, I remembered a fellow that used to work for Russell Train who was head of the EPA, Mike Scanlon, and I had assisted Russell Train in California about a year before.

So I went over to see him. He was working a lot in the advance operation. To make a long story short, he offered me a job, a paying job to start in January.

Q He was working the advance operation with Ford?

A He was with Russell Train, you know, as his executive assistant, but on the side, all of these people get involved in politics, and so he was out doing advance work on the side for President Ford. And he offered me a position as an advance man.

In the course of the conversation we talked

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politics, and he knew I was from California, and I told him Reagan--you know--was my favorite candidate, even though it didn't look like Reagan was going to run for sure.

He called back some time later, said Reagan was going to run. My roommate, Paul Russo, he's going to be running the Northeast effort for Reagan, and, if you want to make a switch, I'll make the introduction. And so I went from a paying position at that time, to a "freebie" with Reagan, and he introduced me to Russo, and I believe it was January of '76, I went to New Hampshire, and started working in that primary, and then eventually got a paying position with him.

Q Now after the 1980 election, and the inauguration, you assumed a position in the White House, is that correct?

A Correct.

Q And what was the title of that position?

A Special Assistant to the President. You know, they have rankings. That's the rank. The job description would be best described as personal aide to the President.

Q And did that job description and title remain the same throughout your tenure at the White House, or did it change?

A I'd say it remained the same.

Q Can you give me a general description of your duties as Special Assistant to the President.

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A Yes. A lot of it was continuation of the things that we had done before. It was working with the people that handled his scheduling and advance operations, and my immediate superior was Mike Deaver. And it was one of a daily working relationship with the President.

I would meet him in the residence in the morning, we'd walk over to the office. We'd go over what was going to happen to him that day, make sure that he was up to speed on the meetings. If there were any questions about what was going on I would get the answers for him.

And then, as the day progressed, it was one of staying with him throughout the schedule, making sure that meetings took place when they were supposed to, the people coming into see the President were--that he was briefed properly, and also, that the people were briefed as to what was to transpire, and the time limits.

And even though--and in most of these cases--every appointment has an action officer--it could be an assistant to the President for public liaison, or it could be national security advisor--they had the primary responsibility for writing briefing memos, and they were really responsible for the meeting.

But a lot of times it was making sure that (a), that everything on the schedule happened as it was written, and also one of keeping track of what did happen. If there

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were changes in the schedule, I would make the notations on his schedule, and, just for the record, and those notes. What I would do, though, was take my schedule, put down who was at what meetings, and the timeframe in which each meeting took place.

And that kind of activity went on wherever we were. It continued when I was a liaison to the Secret Service. I travelled wherever he went, whether it was Camp David, or out to California, or, you know, overseas, and I was a link a lot between the staff and the President.

Q Were you involved at all in substantive policy issues?

A No.

Q Where was your office located?

A Right next to the Oval Office.

Q You mentioned that you took notes, or kept a daily log or diary.

A What I should say, not notes. For instance, on a notation--every day at 9:30 there was a national security briefing time. All it would say is "national security briefing." What I would attempt to do is keep a log of who went in there, and so that archives would know that, you know, on this day, the following people met with the President.

Now, a lot of times, on meetings, the action officer, whether it was NSC for, say, for instance, a National Security Council meeting--I of course didn't go to those--they would have somebody in there who would take the invitee list, and check off who was there, and make any additions, and they would just turn those in to me. I would staple all together, at the end of the day, all these notes, and would shoot them into archives.

Q And they would still be in the White House archives? You didn't take those when you left?

A They would be in the White House. They were turned over every day to Dick Darman.

Q Did you take substantive notes during meetings with the President?

A No. I did not.

Q What would happen--for instance, say, a National Security Briefing would take place. That would happen in the Cabinet Room, generally.

A What I would do is when everything was set up in the Cabinet Room, and they were ready, I'd let the President know--you know--they're ready for the meeting. Now many times he would be briefed ahead of time, maybe Shultz would be with him, or somebody, and I would just say, "They're ready whenever you are."

And they would go in, and I would stay in the room if--maybe there was a photo op going on--just to get the

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press in and out, and once all the non-participants were out of the room, I would exit also.

Q When did you leave the White House?

A Early April 1985.

Q And where did you go from there?

A We moved to Farmington, Utah.

Q And did you take a position there?

A Yes. Senior vice president with Huntsman Chemical Corporation.

Q What were your duties there?

A Public relations, government relations, and then a lot of it turned into work with employees. He was in acquisition mode at the time, so I would spend a lot of time traveling to different plants working with employees, working with unions.

Q You said "he was in an acquisition mode." Who is he?

A Mr. Huntsman.

Q Could you give me his full name.

A Jon, J-o-n. I think his middle initial is M. Huntsman. H-u-n-t-s-m-a-n.

Q He is president of Huntsman Chemical?

A Chairman and president.

Q How long were you with Huntsman Chemical?

A From April until the following April, and then,

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after that, he became a client of mine.

Q And in April of '86, what happened?

A In April of '86 I switched from a full-time position with him, and John became a client, or his company became a client, and I started operating--I had actually started operating before that under David C. Fischer and Associates, had my own consulting business.

Q Was that a sole proprietorship, or a corporation?

A It was a corporation, Utah corporation.

Q When was it incorporated?

A I'm just guessing. January of 1986.

Q And is it still a corporation?

A Still, yes. It has not changed at all.

Q And are you the sole owner of David C. Fischer?

A Well, you know, I'm an officer, my wife's an officer, but it's just basically David Fischer.

Q Other than your wife and yourself, is anyone else an officer or a stockholder in David C. Fischer and Associates?

A No.

Q When did you first meet Martin Artiano?

A The best I can remember meeting Marty was in the 1976 Reagan campaign. When, exactly, I don't know. I would say early 1976, and he was an advance man, as I was, and a San Diego attorney.

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Q Is it fair to say that you remained in touch with him through your tenure at the White House?

A Absolutely. Yes. We are very close friends.

Q Prior to leaving the White House, did you ever have any professional relationship with Mr. Artiano?

A Professional as in business?

Q Any business ventures, or--

A I'm trying to think if we did anything after '76. I don't believe so. I'm just trying to go back through all my--where I've been with Deaver and Hannaford. No, I don't believe there was.

Q So up to the time you left the White House, there was no commercial aspect to your relationship with Mr. Artiano?

A Oh, no, no. No. No.

Q When did you first develop a professional relationship with him?

A I'm going to say late, like December 1985, probably. I had had a conversation with Marty, early on, when I knew that I was going to make this transition with Huntsman, that I was very interested in securing clients here in Washington, and, you know, I would put that late '85.

Q And how did that professional relationship begin? I mean, what was the first stage in it?

A The first stage? Well, it was, you know, just

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talking, and he would tell me about the kind of clients that the law firm had, and that there were occasional matters that they would refer to other people, that would be non-legal in nature, and those are the kind of things we talked about.

Q Now by that time, David C. Fischer and Associates had been incorporated?

A Or close to it. I believe it was January of '86.

Q Of '86. What kind of professional consulting services were you offering at that point?

A The kinds of things that I always talked about with Marty was public relations/public affairs. You know, this whole area of what they call strategic planning, and also helping companies, or entities solve their problems.

Q Their problems in relationship to the Government?

A Somewhat the Government, and others, non-related to the Government.

Q Did it include in your own mind executive liaison?

A Oh, sure.

Q There was a time, was there not, when you were part-time in Washington and part-time in Utah?

A Yes. We moved here in March of this year.

Q And in the latter part of 1985, were you staying with Mr. Artiano when you came to Washington?

A Yes.

Q How often would you stay with him?

A Generally, whenever I came to town.

Q How often would that be?

A It kind of varied. I mean, there were periods when I wouldn't come here for several weeks. There were time periods, that I would come out for, you know, several weeks in a row, and stay probably an average of three days a week. It just varied. It just depended on what was going on.

Q Over what period of time did you find yourself staying at his house?

A Until we moved here with the family.

Q And that would be in March of 1987?

A March of '87. Correct.

Q Was there a time when you lived here full-time, or did you always split time with Utah?

A Oh, no. I always split time. Utah was home. We were out there for--we stayed for personal reasons. [redacted]

Q Did you also use Mr. Artiano's office for your business?

A Yes. Matter of fact, what I did, on David C. Fischer and Associates, for a Washington base, I had a business card printed up, David C. Fischer and Associates. It

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listed 1708 New Hampshire as a business address, and had a private line, that when you rang the line it was answered, "Mr. Fischer's office."

Q Who would answer, "Mr. Fischer's office"?

A Marty's secretary, or whomever was--or the receptionist.

Q Did you ever discuss that arrangement with anyone else at Mr. Artiano's office, other than Mr. Artiano, and his secretary?

A You know, I don't know that I did. I only can, sitting here, assume that Marty did, because he would have had to have permission for something like that. So I can only assume the other partners knew that, because we ended up participating in clients together. So I can only assume that they knew. I don't recall ever having discussions with them, but they were certainly aware of the relationship.

Q Other than business cards, were there any other professional announcements, or indications of your presence?

A No. You know, stationery printed, but no announcements, if I remember, at all.

Q But there was stationery printed with that address on it?

A Yes.

Q Was there any sign on the door, or outside?

A No.

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Q Over what period of time did you use his office?

A I would say that I would use that office until--I would say about July or August of 1986, right after I signed that association with IBC, and it was after that time--it was after we got involved with the Aquino thing, that I actually started using an office, a temporary office.

And after the Aquino visit, a permanent office was set up for me at IBC, and then there was no occasion to use Marty's office after that. I would still have meetings over there on other client matters, but that then became a base of operation.

Q Did you pay Mr. Artiano's firm anything in the form of rent or overhead, allocated overhead, or anything like that?

A No.

Q Did you pay for the private line?

A No. There was no separate office dedicated to me. It was, you know, use of Marty's office, or a conference room, or whatever happened to be available.

Q Did you use his secretary to do correspondence, and that sort of thing?

A Yes.

Q At any time in your relationship with Mr. Artiano, did he ever act in the capacity of an attorney to you? In other words, do you contend that there was an attorney-client

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relationship at any point in your relationship with Mr. Artiano?

A You know, I'd have a hard time answering that because I'm not so sure--

MR. WORK: I think the answer probably is yes.

THE WITNESS: I would think it would be. Marty--let me give a long answer to try to describe the relationship.

In the business relationship, Marty and I would discuss pending business opportunities. He would find some and say, would you come over, I've got something to talk about. I would find some, and I would include him in on it, and I can give you an example where I really considered him an attorney, if you want a quick explanation of that, and this is kind of typical of what we did.

A German industrialist friend of mine had called in late '85, and said he had a British citizen that had a business problem, and would I be willing to meet, and that's as much as he said. Based on his recommendation I said yeah, I'll meet with him. I asked Marty to sit in on the meeting.

We had the meeting in Marty's office. The guy gave me a business card in which he said he was an executive with some oil entity. He said he represented a consortium of English and European businessmen who did business in Africa, and they had a serious problem.

It took us a long time to figure out that what he was really doing--that he did represent a business entity but the government was Angola, and at this time Angola was having very serious problems with the US. And what he wanted was to help in media work, and strategic planning, and improving the relationships between these two governments.

But he said, you won't be representing the governments, you're going to be representing us and the businessmen. We're going to pay the money. We're setting, out of our oil proceeds, and other businesses, we're setting up a fund in order to pay for this PR effort.

When I found out that the client was really Angola, I told him I was not interested and gave him the reason why I wasn't, that this was a government that was on, you know, the Reagan Administration's "hit list", and that it was an unpopular government, and that, frankly, if they were sincere in their desire to improve relationships, they know how to do that.

And if they needed to be reminded, I would set up whatever meetings they needed to help have the government explain, our government tell them exactly what they had to do to improve relationships.

And he asked for recommendations on other firms, and I told him some other people. They already had, I think, Gray and Company, someone involved at that time, but I basically said I was not interested because of the government, and Marty concurred in that. And then he told us how much he was offering which almost made me want to reconsider. He offered $1 million a year for two years, the first year up front, and I believed him.

He also had a second business card that he gave to me, though, that identified him as a special advisor, or something, to the oil, or the energy minister of Angola. Anyway, that's the kind of relationship.

If something would come to me, I'd call Marty, and I wanted him there as a witness because I didn't know what was going on, and he concurred with my judgment on that one, and we were not interested in that kind of client.

There were other kind of deals that he would bring in, business entities, corporations, that he would--you know, I would sit in a meeting with whoever the client might be. They would explain their problem. Marty and I would meet later on, talk about the pro's and con's, and decide whether or not we wanted to assist.

So if that encompasses attorney-client--

MR. WORK: No, that doesn't.

THE WITNESS: I don't think that does.

MR. McGOUGH: We may be able to clarify this very quickly, and I'm obviously trying to find out if we're going to run into any privilege problems vis-a-vis Mr. Artiano and Mr. Fischer, and that's probably better addressed to you.

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Are you aware of any?

MR. WORK: I don't anticipate that you will run into any privilege problems. I do know of one particular piece of advice that the firm gave to David, and as far as I'm concerned we will probably waive privilege on that, but the precise answer to your question, did they ever operate as a lawyer to him is yes.

It wasn't very often, but they did.

BY MR. McGOUGH:

Q To close out this line of questioning, did you ever pay Mr. Artiano's firm for legal advice?

A The answer to that would be no.

Q And any payments that you made, or any--let me take that up as a subset of the next area. That is, what were the financial arrangements between yourself and Mr. Artiano?

A It would really--it would depend on the client at the time. We had some clients in which the arrangement between the client would be directly with David C. Fischer and Associates, in which payment would come to me, and then I would write individual checks to members of the firm.

There were other times when there would be--

Q The firm being David C. Fischer and Associates?

A No, meaning some of the fellows at the law firm, more than Marty. And there were those, where there would be Marty, and two others, that were involved on other clients.

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Q Why don't you identify them for the record.

A One of them was C.OMB, and I don't know what it stands for. It's C, period, O-M-B. They're the liquidator company, the one that does that catalog, the mass-mailing catalog.

Q I'm not talking about the clients that generated the fee. What I'm talking about are the people with whom, at Mr. Artiano's firm, with which you shared the proceeds.

A I'm sorry. You mean the other attorneys?

Q Correct.

A Bob Davis, Robert Davis, and Steve Nauheim, and I think it ended with those two. Yeah, I believe that's right. Just Steve and Bob.

Q So is it fair to say that each client who came to you, which generated a fee, there would be a separate agreement or understanding with you and Mr. Artiano in regard to that particular client?

A Or, you know, the group, or other guys in the firm.

Q Let's turn, if we could, then, to IBC, International Business Communications. What was your first contact with IBC?

A I think my first time, that I ever met Rich--now I may have met him in a campaign. I don't recall him at all. The first time, I believe I met Rich, was probably in December of 1985, and he was introduced by Marty. Rich had

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worked in the campaign, but since I was on the traveling staff--he worked for Nofziger, and I just don't think that I ever met him.

Q Do you recall the actual meeting in which your first contact with IBC took place?

A No. I don't.

Q Who did you meet at IBC at that time, or, in the initial stage?

A Well, it would have been Rich Miller and Frank Gomez, the two principals in the firm.

Q What did you understand IBC to do? What was it's line of business?

A I knew they were a public relations firm with a real heavy emphasis on media work, public affairs--you know--just a general Washington, D.C. PR firm that was--you know--had been in existence for a couple years, and were an "up and coming" firm.

Q How did their line of business differ from David C. Fischer and Associates?

A I would say that it probably differed in just, you know, the capabilities, and then there was--I was a lone operator, and they had a staff of I don't know how many people working there, plus they had an office with all the things that go along with an office. You know. Secretaries and telephones, and FAX machines, and LEXIS/NEXUS, and, you

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know, research staff. All the kind of things that if you're going to work on a wide range of things, you know, the support staff that you really need.

And so I would say that's one of the great differences. As far as the kind of capabilities, and that, I would say most people in these kind of firms all do the same thing. Some people have specialties. You know, you may be a Congressional expert. You know, you may be just a media expert, but, I would say they encompassed about all of those.

Q And was there anything that you offered, that IBC did not?

A Yes. I think what I offered to IBC was a different range of experience that--and background, that they didn't have.

Q Could you be a little bit more specific.

A Yes. You know, Frank's specialty was more foreign affairs, having served at--I don't know if he was USIA at the State Department, but, you know, basically a State Department background. Rich had been AID, and had done a lot of media work with Nofziger, and I had understood other jobs that he had were very media-oriented.

And my experience had been more heavy political, and a lot in more what I would call "strategic planning", whether it's image-building, public relations, and a very emphasis in campaign work.

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Q We've talked in several of these depositions about "strategic planning" and I'm not sure I completely understand what it means. Could you be a little bit more specific.

A Well, yes. Let me go back to that example of the gentleman from England, where Angola had this supposed problem, or he says his businessmen. Well, their real problem was they were losing a lot of money, and, you know, to them it was dollars and cents. They didn't care about the political ramifications.

What they were looking for is how do we take--you know--analyze this problem for us. How do we solve it? What do we do? What do we do in terms of media? What do we do in terms of the administration? How do we change the perception of that government, and what they're doing down there?

And those are the kind of things where you sit around, and, you know, you do it by yourself, you think a lot, you strategize, you're sitting in a room with people and you brainstorm, and you try to come up with ideas on--once you've done the analysis, and realize the goals that the client has, where does he want to go. Then you say, okay, we're going to take the following steps in the following areas.

This is what you've got to do in media. This is what we're going to do in Executive. This is what you want to do in Congressional. "Strategic planning" is a word that

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is very much abused. That's how I understand it.

It's trying to take the client's problems, or what he perceives as his problem, tell him whether it really is a problem or not, and maybe even to find out that his problem is really something else, and help him address that problem, and take positive steps to change it.

And a lot of times it's nothing but perception problems.

Q Would it be fair to say that, at least as far as IBC was concerned, what you brought to the table was your White House experience, and your familiarity with the White House procedure, and personnel?

A I would say that's certainly part of it. I mean, you know, part of who I was at that time, and still am, is, you know, four years of experience in the Administration, and of understanding the processes of the Administration, and how the Executive Branch works, and how the Cabinet system works, and how the departments work.

And certainly, that's part of it. But to me, it went well beyond that. I mean, understanding the process is a very valuable thing, but a lot of it also had to do with, you know, with what this small group of people were able to do with Ronald Reagan back in 1976 and 1980, in creating, you know, a national campaign that was highly successful.

And you know, all of the media work that we got

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involved in. And then, if anything, that was true strategic planning, and what happened with Ronald Reagan.

Q When did you first come to an agreement with IBC to be a contractor, or to enter into some kind of business relationship with them?

MR. WORK: There are a couple of agreements.

THE WITNESS: That's why I want to go to the first one.

MR. McGOUGH: You want to go to the written agreement?

MR. WORK: And there's no written agreement.

MR. McGOUGH: I understand that. Well, that was going to be one of my questions, whether it was reduced to writing. But what I want to do is, the point when you said, "Okay, we've got a deal," let's go forward, and that's where I want to start.

THE WITNESS: When was the first time?

MR. McGOUGH: Yes.

THE WITNESS: The way this particular client was introduced to me was through Marty. Marty had had separate discussions with me and separate discussions with Rich Miller, and it seems to be that at about the time I told Marty that, you krow, we would soon--even though it turned out to be much later than we thought--we thought we'd be moving to Washington much sooner than we did--that I was

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anxious to start setting up a base in Washington, and to keep his eyes open.

At the same time that was talking place, Rich Miller, who, evidently he knew before, was talking to him saying "I want to take this business and really expand it, and would you keep your eye open for someone that you think would be a nice addition to the firm."

And from those discussions, we had a--you know--a get-acquainted session. There may have been more--and I don't know how many there were--with Rich Miller and Frank, in which they told me about their business and where they were going to go, and their clients, and what their goals were over the next couple of years.

When it came to coming to terms of what an arrangement was going to be, that was al handled by Marty, and, you know, precisely when it took place--you know--I'm going to say probably December of '85--you know--would be my best guess.

And he knew that I was interested in a long-term relationship, but what these guys wanted was--all these early discussions led up to a formalized agreement, and what they wanted was for me to become a consultant to them, and they were very anxious that I not affiliate with any other PR firm.

In other words, please--you know--doing some work for Gray and Company here, and Deaver here, and those guys.

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But they really wanted a, almost an exclusive arrangement on public relations, not on other matters. And again, I'm just trying to do all this from memory.

And so I told Marty that what I wanted was a commitment that--you know--that we weren't going to start doing work for this client and have it be a one-month relationship, or a two month. That I wanted it permanent, or at least a long-term arrangement.

And so he--you know--he kind of carried the ball back and forth. You know, I would have discussions with him and he would go talk to Rich, and, you know, a lot of this time I was back in Utah, and so a lot of this was done by telephone.

And so we came to an agreement that Marty and I would become consultants to IBC in a long-term relationship.

Q Now let's break down the agreement a little bit. What did you understand you were to do for IBC? And I understand this went through several different players, but let's just go back to the beginning.

What was your initial understanding of what you were signing on to do?

A The initial understanding was that I would help increase the capabilities of that firm, that they were at a certain level, and they wanted to greatly increase their base, and they were anxious to have someone like me to be

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affiliated with them, even though it was going to be on a consulting basis. And that they had in particular a client, Channell, and his organizations, that was a primary focus and concern to them at that time.

And that while their client, IBC's client, Channell, had been doing a lot of work in support of the Administration, and had very good access to the Administration, Channell was not really getting the notoriety that I think he expected, or at least as explained to me, that he was doing all of these things, and yet, when someone would be interested by the media, as being someone in the private sector who was really out there influencing public opinion, or who was trying to educate the public on an issue, they would always call the Dick Viguerles of the world, or other people who had organizations that were out there supporting conservative causes.

And yet it was the feeling of Rich, and I believe Channell, that they were doing far more than anybody else. And yet, while internally within the Administration, particularly the White House he was getting credit for it, it never transcended beyond.

It was always, well, a few people knew what he was doing. He obviously had all these letters from the President, and letters from other people in the Administration, and they had all their meetings and that over there. It still wasn't transcending into anything that went beyond that, and I think

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he wanted to become what I would call a "serious player" in Washington.

And then they started describing, with their client, Channell, some of the different programs that they had, were in the process of doing, things they'd done in the past, and where they wanted to go in the future. Their whole Central American freedom program. Their commercials on balanced budget. SDI was a real big one, and one they were just getting ready to launch. Their Constitutional minutes program. I mean, obviously you guys have seen all the program work. There were a dozen programs at least, that they either had going, or were projecting into the future, and, the problem that I believe that Miller was having, is that he was having trouble keeping up with his client.

In other words, his client wanted to propel so rapidly, and things just didn't happen quick enough for the needs of that client, and he just wasn't getting the notoriety. He couldn't--I don't know how best to describe it.

I can give you an example of one program, if that'll help, it's non-related, this one, and maybe that'll help. For instance, the Strategic Defense Program.

Now in one of our early meetings with Channell and Miller, I said tell us who you are, show me all your commercials, give me all your paperwork.

Q Let me interject for a second. Did you meet

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Channell and/or Conrad before striking a deal, or coming to an agreement with IBC? Were they part of the initial introductory negotiation phase, or was it after the fact?

A I just don't recall. To me, I believe that we met first of all with Miller. We eventually met with Channell, to talk to him about who are you, and, you know, when it happened, exactly, I want to say--again--some time in December, probably early December, and that's the best that I can recall, in which he was talking about his programs.

And then in the process of getting all of this material--you know--I said give me your files, basically, and the kind of letters that you've got. Show me who you've met with at the White House. And as I'm going through these--you know--initiations that Channell had, and just talking to the SDI thing--he had just been invited, just within--you know, I think it was in November--to a Cabinet Room briefing on SDI.

Well, the Cabinet Room's pretty small, and so to me that--you know--that told me that this guy is at least on somebody's list because he's being invited in for an SDI briefing, and the President's there.

And so the frustration they're having with that is that they couldn't get a hook on exactly what the Administration's policy really was, and Channell knew what he wanted to do and where he wanted to go with the SDI Program. It just needed a little more direction.

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So that kind of frustration was explained to me, and if you want, I'll just tell you the kind of steps that were taken--you know--through the ensuing months.

Q We'll get to that. What I'm interested in is really the inception of the relationship at this point. You've talked about what you felt your role was to be, and what problems Mr. Miller and Mr. Channell were encountering.

What was the arrangement struck with IBC as far as compensation, your compensation or David C. Fischer and Associates' compensation?

A Well, the compensation package that was arranged at that time was, as I recall, $20,000 a month, and I believe that started with in December.

Q And to whom was that $20,000 a month, if we can call it a retainer, to be paid?

A Well, because we hadn't--I was not incorporated in December, and so the initial payments--and I didn't have any bank accounts that were in that name, and so the initial payments were made to Artiano.

Q Now a portion of that monthly retainer was split with Mr. Artiano, is that fair to say?

A Half of it was.

Q Half went to Mr. Artiano and half went to you. Was that pursuant to an agreement you worked out at the outset of the relationship, that it would be 50/50?

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A That was the proposal Marty made to me.

Q Why was it divided in that fashion?

A That's very typical in Washington. We had other business arrangements, or, I would take a much bigger share, and he and the other guys in the law firm would take--just every arrangement with a client was different, but the 50/50 was pretty--as I understand it--was pretty normal in this town.

And in fact the work--I mean, the labor on this thing was to be split.

Q In what sense?

A And he was going to participate just as much as I was in the workload.

Q Was he going to cut back on his law practice in any sense?

A No, because a lot of--well, I can't say that he was. I don't think he was envisioning himself moving over to IBC. I mean, he enjoyed a very successful law practice. But a lot of what--a lot of the so-called "strategic planning" that we've been discussing here would take place between Marty and I, either at his office, and would extend into the evening at his residence.

And so, you know, he participated very heavily, and he's the one that initially had all of these initial meetings to check out as much as he could before he ever came and told

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me about who these guys were, particularly Miller. I don't know that he knew that much about Channell.

Q During the course of this initial phase of the relationship with IBC, did you keep any time records, or did Mr. Artiano keep any time records?

A I didn't. I don't know, Marty may have. I didn't.

Q Was the $20,000 net of expenses?

A No expenses were ever submitted.

Q But was the initial agreement $20,000?

A $20,000 a month, period.

Q Period. That was to cover expenses from your standpoint, and Mr. Artiano's standpoint?

A Yes. Now of course, you know, we always had access, you know, if we needed lot of material run off, or if we needed some secretarial work. That could always be done at Rich's office, if that were required, and in fact a lot of the research and that, that was done, was done by his firm, particularly on things like SDI and that, and the other issues.

So that part, you know, was paid for by Rich.

Q There came a time in either late December, or very early January of 1985-86, when there were discussions about arranging a White House briefing and securing a presidential drop-by for that briefing. Could you tell me how that came about.

A Sure. In the course of reviewing who these guys were and checking them out, which I did very thoroughly, by going to the White House and talking to people, and verifying it in fact. I mean, I looked at the commercials, and I looked at the letters, and I looked at the meetings that they attended.

And in the course of my investigation, I found out that I believe they had up to three briefings already, before I had met them, during 1985, and that I believe they were primarily Executive Office building meetings sponsored by the Office of Public Liaison, in which their contributors would come in, or just general supporters of their different organizations.

And they would be briefed by--you know--whether it was Linda Chavez or Pat Buchanan. I mean, there were different agendas, which, again, I'm sure you got, and the topic was generally the Central American Freedom Program, and getting the word out on the President's program in Central America.

And so they'd had three of those, they seemed like they were very successful, and they had letters backing up--you know--not only did they have the letters, but they had the itinerary, so I knew that the meetings had taken place, and in my discussions with people at the White House, they confirmed that these guys in fact have been in here, and

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they've been very supportive and very helpful.

All the feedback I got from everyone was extremely positive.

Q Let's stop there for a second because you've jumped to a question I was going to ask a little later. You say the feedback you got from everyone. With whom did you discuss NEPL and Mr. Channell?

A Well, you know, my memo to Don Regan says that I spoke to Bud McFarlane and Oliver North, and--who was the other one? Oliver North, Bud McFarlane. Oh. Elliott Abrams.

I know I talked to people in Public Liaison. Who, specifically, I don't know. I know that my calendar has me meeting with Linas Kojelis who, you know, I had not known, I don't think, when I was at the White House, about these guys and their past briefings.

I know that I talked to Bud McFarlane because we had that meeting out in Utah on his vacation. And while people like Bud--and I can recall that because of the unusual place of the meeting--we met out there in Utah--he did not indicate that he knew the principles. I don't think he knew who Rich Miller was or who Channell was, but he was very familiar with the TV programs.

And any time I would talk to somebody, I would either provide them with a cassette tape of the ones that they had done up to now, or they had these so-called story-

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boards, you know, which are just a pictorial description with the language of the commercial.

And when you'd show that, people would say, oh, yeah--you know--we've seen those. It became very apparent to me people knew the product. They didn't seem to know the individuals quite as well. Bud had no idea who they were.

Q What about Colonel North?

A I don't even recall exactly what he said, or even when it took place. I mean, my calendar shows different meetings that I had prior to the January 30th briefing.

The only thing I can say, there was always positive feedback. I never found anyone who reported anything negative at all.

Q Let me just clean up the record a little bit. Are you saying that you don't recall specifically discussing NEPL and Mr. Channell with Colonel North, prior to the January 30th briefing?

A Oh, no, I did before the January 30th briefing.

Q Do you recall the specific discussion you had with him?

A No, other than talking about, you know, that they wanted to have a briefing, another one, and now I can't remember specifically what was said, other than--you know--the meetings that I did have because they're on my calendar.

There were a couple just before this January 30th briefing, and one of them was a very brief one with him, and then it led right to a meeting with Linas Kojelis, and I believe that he is the one that introduced me to Linas, or called down there and said, look, Fischer's here, this request is in for a meeting, would you see him, kind of thing. That's how I can best put it.

See, what happened on the briefing was, I had the meeting with Regan in Los Angeles on January 2nd or January 3rd. He asked everything be put in writing, I did, and once the request was in writing it was then an internal White House document, and then it was up to the Public Liaison Office, what they did with it.

Q Okay. Let me back up on a couple of points here, and try to bring it back full circle. Give me a little bit about the history of your relationship with Oliver North.

A The history of mine?

Q Yes. When did you first meeting him? What issues did you discuss?

A The first time I recall--I mean, I don't recall the exact time I met him, but in the course of my responsibilities of taking those attendance records at meetings, particularly during National Security, different people from NSC, staff members, which North was one of them, would come in at different times with the President and the National Security Advisor during that National Security briefing time.

I didn't know who all the officials were, and so I would have to go to Poindexter or McFarlane, and say, okay, who's that guy there? and who's that guy? It was in the course of identifying, going to these guys and saying, who's that man and that man, that I got to know--you know--I put the name North and the face together.

When I was in the White House, he was nothing more than--I finally knew who he was, and that was about it. I don't ever--

Q Were you aware of the--they called them "accounts" at the NSC--but were you aware of the issues that Colonel North handled for the NSC?

A Everybody knows what he does now. You know, at the time--you know--I may have known that he was a spokesman for--you know--Central American and the President's program on that. You know, at what point did I know that? I may have known when I was there; it may have come to my attention later on. I just can't tell you.

You know, the trouble is that you don't--it's hard to put in time frames when you knew something. I mean, I could have read a newspaper article last summer, and all of a sudden been aware that he was also a terrorist expert.

And then, you're really not too sure--you know--did you read that then, did you know it when you were in the White House? See, my dealings were primarily with the National

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Security Advisor to the President, and it was just--you know--my contact with people beneath him were almost non-existent, unless they happened to come through my office to get into him.

But, you know, I think they all knew who I was, but beyond that, there was no reason for me to be dealing with individual members on the National Security Council.

Q To the best of your recollection, when was the suggestion first made that President Reagan might be able--that someone might be able to secure President Reagan's attendance at White House briefings?

A You know, I would guess that it would probably be in December of 1985, and it would have to be after I reviewed all of the things that they had done up to this point. And the conclusions I drew from looking at the record, and from talking to people, was that--you know--that they were very effective at what they did, and I was getting nothing but positive feedback from people.

So I made the recommendation to Reagan directly, saying this is what they've done before, this is where they want to go, this is their track record, and these are the people that, you know, seem to like what they're doing. And so then I made the recommendation.

Q Had you raised that possibility with Miller, Channell, or Conrad before speaking to Reagan?

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A You mean before talking to Don Re~~a~~gan.

Q To Regan. I'm sorry.

A Oh, I'm sure that I did. I'm sure that I did because I went to Los Angeles to talk t Regan about that, and other matters.

Q So that the trip to Los Angeles was, at least in part, targeted to raise this possibility?

A Yes. It was. Yes.

Q Do you remember when the trip to Los Angeles took place?

A January 2nd or January 3rd, and it was, you know, from Utah to Los Angeles and back. Regan was out there with the President. The President was on vacation.

MR. McGOUGH: I want to have marked some exhibits. We are going to have a series of them, actually, and they all are, to some extent or another there is a little bit of redundancy, but this is the way in which they were given to us by the various source agencies. And I would like to keep them together so that we can get a little bit of an idea of how the paper flowed.

[Documents were marked for identification as Fischer Deposition Exhibits Nos. 1 through 4]

[Brief recess]

MR. McGOUGH: Back on the record.

BY MR. McGOUGH:

Q We've marked a series of Exhibits 1 through 4. Let's take a look--and again, in a sense of getting some context to this--Mr. Fischer, at Exhibit 1, which has the White House correspondence-tracking worksheet on the front, and about midway through that exhibit you will find, I believe, a January 5th memo from you to Mr. Regan.

A Okay.

Q Are you with me?

A Yes.

Q Look at as much of the rest of it as you care to.

A I'd like to some day. It looks interesting.

Q I want to focus on the January 5 memo.

A Okay.

Q Are you with me?

A Yes. January 5th memo?

Q Yes.

A Yes.

Q All right. Now this is the memo which I believe you referred to earlier as being sent to Mr. Regan.

A Correct.

Q It would have been after your meeting with Mr. Regan in California?

A Correct. As a matter of fact, that's as a result of the meeting. He said put it in writing and we'll get it

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into the system.

Q I'd like to focus on that meeting with Mr. Regan a little bit, if we could. What can you recall telling him about the American Conservative Trust and the National Endowment for the Preservation of Liberty? In general terms.

A In general terms I told him what I told everyone, what I was asking about, when I was talking to different people ~~in~~ the Administration about these people. I said this is what I've found out about these guys: these are their commercials, they've had these meetings, this seems to be their track record.

In all of the meetings I had with people, including the Counsel's Office at the White House, I would say this is as much as I know about these people, they seem to be highly effective at supporting the President, but you have to check them out yourself. I don't know everything about them.

I was, you know, extremely careful in what I said to people. I mean, I could only show them what I had, and I said this is what I've got on them, and then I told--I don't know the exact words, but I described the wish of the group, and it was my recommendation that this briefing take place in the Roosevelt Room.

Q Did you understand what kind of entities NEPL and EPL and ACT, the American Conservative Trust, were?

A What do you mean?

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Q I mean, one was a 501(c)(3) organization.

A You know, it may have even been in the material. I mean, I'd have to tell you, in January of '85 I couldn't have told you what a 501(c)(3) was. I understand them completely, now. But that may have even been in some of the memos. I don't know. That, you know, this one was a 501(c)(3). I knew that there were, and particularly as the association continued, I knew that there were multiple entities.

Q Did you understand any distinction between the type of thing ACT did and the type of thing NEPL did?

A No. I mean, it may have been explained, but it's nothing that registers with me. I mean, at one time I recall having a conversation with somebody--I don't know if it was Rich or whether it was Channell, or who it was--about why all of, you know, these entities. And someone described it to me as the reason there are different entities, certain entities are allowed to do some things. Some are allowed to lobby; others are not.

That these things were created with the advice of counsel, Channell's counsel, and that they set up certain organizations to do certain things, and that's about as much as I ever knew about it.

But the fine line between NEPL and ACT I couldn't tell you.

Q Was there any discussion with Mr. Regan at the

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California meeting about your compensation?

A Yes. There was.

Q Can you tell me what that was?

A Yes. First of all, this was a very friendly meeting. Don Regan and I were, I would describe as good friends. I got to know him very well as a Cabinet officer, and when he was going to become chief of staff during the transition, he called me over to Treasury, frequently, to talk about the White House and personnel, and in fact asked me if I would stay another year.

Originally, I was to leave in January, and I said I wouldn't, but I would give him until April. So Don Regan and I had a great working relationship, and as I described who these people were and what they wanted, before I could even say I want you to know this is a client matter--which I had every intention of doing because Marty and I had discussed that--and I told him that--and I described to him the Angola thing that happened to me, and that I considered these, this client here, as a real gift from God because they did nothing but support Administration policy.

And before I could say anything after that, he said, "I hope you're being compensated for this" and I said, "I am being compensated for it." I mean, I made it clear to everyone that I came in contact with that this was a client.

Q Did you discuss the terms of that compensation with him?

A No, no.

Q Did he ask?

A No. He wouldn't be interested in something like that.

Q Let's go to the January 5 memorandum, if we could. Now I'm interested, initially, in what you sent to Mr. Regan. You'll notice in the upper righthand corner there are "N" numbers for the various pages which are our code numbers.

A Yes.

Q Now you sent him the January 5 memo which is N39610, is that right?

A Correct.

Q And it had attachments to it, is that right?

A Yes.

Q Are the attachments N39611 through 39615?

A I believe they are.

Q Do you recall any other attachments in that memorandum?

A No. I don't.

Q So that what you sent him, essentially, was a cover letter, a meeting proposal, and storyboards, or a story line for some of the commercials that NEPL and ACT had done, is that right?

A Correct.

Q Now I notice in the materials that you sent to Mr. Regan, there's no specific mention, as far as I can tell, of Mr. Channell himself. But rather, there's just a reference to the American Conservative Trust and the National Endowment for the Preservation of Liberty.

A Yes.

Q Was that intentional? Why wasn't Mr. Channell himself mentioned as being the principal in both ACT and NEPL?

A I have no idea. I mean, I'm not saying it's intentional other than--you know--these groups are the ones that--you know--that announced this program. I can't answer that.

Q Did you discuss Mr. Channell with Mr. Regan?

A You know, I probably did, but, you know, I just don't know. I mean, I would say that I must have because I--you know--I was talking about these programs and the people that were involved, and that I had checked them out as much as I could. And beyond that, it was up to he and his staff, and Fred Fielding. This same packet went to Fred Fielding.

Q The thrust of my question is you said one of the things that you were hired to do was raise Mr. Channell's profile, both in the White House and publicly.

A Right

Q And yet, when you submit a proposal to the White House for the meeting, you speak of him in the corporate sense, that is, as ACT and NEPL, but there's no mention of Mr. Channell himself. Were you in any way--

A You know, I can't say it was a deliberate deletion, if that's what you want. I have no idea why it's not.

Q You were aware, by that time, however, that Mr. Channell was known to a number of people in the White House?

A No, he was known to some people; it's his programs that were really know. When you said television commercials, people would say, oh, yeah, I've seen those. It was difficult to find people in the Administration who knew who Channell was, directly. But they knew that--he was known by television commercials, and this ACT, and NEPL.

Q And that was one of the things that you were retained to do, was it not, was to raise his profile, his personal profile in the Administration?

A Personal profile and the track record of his organizations.

Q Were you in any way uncomfortable with pushing Mr. Channell to the front in this effort?

A Not when I first met him, as I would be involved in meetings. We had certain meetings that I can tell you about, in which some activity took place which made me feel uncomfortable, and if you want, I can give you a real quick example. We had a meeting, which I arranged with members-- I'd say about five or six people of the National Security

Council--on the SDI issue. These were the people in the National Security Council that had responsibility for the SDI Program.

And the purpose of that meeting was for Channell to get a clear understanding of what the Administration's policy, and what the President wanted SDI to become, because there were all sorts of different stories about what Reagan wanted.

And we'd already been meeting with Jay Keyworth who was the former science advisor to the President, and the guy who really thought of this whole program, the SDI Program. And we were in the process of writing a brochure that would be used in Channell's SDI Program.

In the course of this meeting, which we had in the EOB, in the National Security, one of their offices, instead of just listening to what these people were about to tell him, he proceeded to tell them what the President's position was, and it got very uncomfortable.

And it got to the point where he was lecturing the President's staff on what the President wanted. He was opening disagreeing with what these people were telling him, and told him that they just weren't moving fast enough, and that this was what the President really wanted, and they'd better get their act together.

Basically, I'm--you know--I'm putting--those aren't the exact words. But that was the feeling. I mean, I was uncomfortable, my friends on the National Security Council were uncomfortable, and I was not pleased with the results of that meeting. And I let--I didn't let Channell know. I always worked through Miller. I told Miller--Miller was there--how upset I was, and that, you know, we just can't have that kind of activity.

Well, I mean, it's definitely a way to get no assistance from the Administration. That's kind of the thing that made me feel a little uncomfortable, and in one meeting he would be fantastic. On Constitutional Minutes, where we met with the Attorney General and his senior staff, talking about all these TV commercials, and where they wanted to go on the Constitution, he couldn't have been better.

I mean, it was just a marvelous meeting. So, you just--you know--you never knew how he was going to be. He chewed out Elliott Abrams at a meeting one time. He was volatile.

Q We'll talk about Mr. Abrams in a minute. But as far as the paperwork on the January 30th meeting, or what ultimately became the January 30th meeting, other than the January 5 memorandum and its attachments, did you submit any additional paperwork?

A I don't believe I did. I believe this was the sum total of it. Now copies I gave--you know--I recall getting one to Fred Fielding's office right away, getting one to David Chew who was, you know, the staff's secretary, and I believe that's--no--and I gave one to the Secret Service, not--I don't think I gave them so much this as I gave them list of potential invitees, to make sure that their--and it was Social Security numbers, and everything else, to make sure that we didn't have any--you know--convicted felons, or, you know, strange people going into the White House.

So, I think that's as much documentation as I gave the White House.

Q Did you see any of the subsequent internal documentation at the White House?

A No.

Q Were you copied on any of the remaining pieces of correspondence in Deposition Exhibit 1?

A No. Let me look at these very quickly. No, never. Nothing from--no, never saw any of this.

Q Now we may be jumping ahead a little bit, but let's look at Deposition Exhibit 4, if we could. Looking at Deposition Exhibit 4, this is a scheduled proposal, dated January 8, 1986.

A Yes.

Q From Linda Chavez to Fred Ryan.

It refers to a meeting with "key private sector supporters of U.S.-Central American policy."

A Yes.

Q And if you look at the bottom, participants include people from various organizations, including Spitz Channell, American Conservative Trust.

A Right.

Q Were you aware of the proposal that such a briefing be conducted between January 20th and January 26th?

A I don't believe I've ever, after leaving the White House, that I ever met with Linda Chavez. And I just don't recall.

My contact, I believe, was Linas Kojelis for this briefing. And that's, as I recall, the only person from Public Liaison that I dealt with.

But the answer is no, I did not know.

Q Can you divine from this perhaps who the source of the proposal was?

A Oh, I know I can just assume it's Public Liaison. They were in charge of all of these different groups.

And besides the briefings that Channell had of his own group, he was continually invited to these kind of meetings. And they computerize all that. If the subject comes up Contra something, boom, they'll have 15 groups and they'll just invited those people in for briefings and give them updates.

Q Did anyone ever discuss this meeting with you as opposed to the January 30th meeting?

A I don't even know that it ever took place.

MR. WORK: January 30th or 3rd did you say?

MR. McGOUGH: 30th.

MR. WORK: 30th.

THE WITNESS: No, I don't recall that at all.

BY MR. McGOUGH:

Q And Mr. Kojalius, as far as you recall?

A I sure don't recall it, no.

Again they would have no reason to tell me what was going on internally.

Q Do you even know that this took place?

A I don't believe it did. And I'm just looking for another document here. Hold onto it if you care to pursue it.

Q Now, if you look at Deposition Exhibit 4--I've got two 4s here, that's not 4. This is the one you have right there, right at the bottom, this is numbered what?

A I have 3.

Q 3, make it Deposition Exhibit 3.

And in particular page 13670. It's about the middle of the package.

That's a memorandum from Mr. Burkhardt to Mr. Martin, correct

A Yes.

Q And dated January 17.

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A Yes.

Q It refers to the briefing and Presidential drop-by for ACT and NEPL.

A Right.

Q And the second sentence says, "Note that the NSC and Linda Chavez's office have also requested another session for other groups which support our Nicaraguan policy to take place in late January. I believe both of them would be justified but Reagan's office might want to combine them-- Regan's office may want to combine them."

A Yes.

Q Did you ever discuss with anyone the possibility of combining those two meetings?

A I don't ever recall that. I don't recall ever knowing there was another briefing.

Q When in fact the briefing did occur on January 30, is it fair to say that it was for ACT and NEPL alone?

A Yes, I believe that's correct.

Q And their guests as opposed to other organizations involved in the Central American program.

A Yes.

Q Did you ever discuss Mr. Channell with President Reagan?

A Yes.

Q On what occasion?

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A There was a time when -- I think the first time was probably just before this briefing. And I saw the President as he was going from, I believe, the Oval Office into the Roosevelt Room. There's a hallway there. And as he was going across, you know, his entourage was with him, his personal. I am not even sure that Regan was with him. And it was to tell him that when he walked into the room -- you know, he was just going to stand up and thank these people. and he ended up taking some questions, I believe, but he was going to be there for just a few minutes.

But, off to one side, was a guy named Fred Sacher, S-a-c-h-e-r. Fred Sacher was a fellow Californian who, according to Channell's group, had initiated this whole program of TV commercials in support of the President's programs in Central America, and had initially funded the first phase of the commercials.

And then on one side of the table was going to be Channell. And it was just to let him know who was on which side and to particularly acknowledge Sacher for starting the program and for Channell for organizing everything.

Now, I believe that was the first time. There were other times when commercials were sent in and he would know that this group was putting together commercials.

But one other thing, I think he already knew who he was because in the November briefing I was telling you, the

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SDI program, I had been told that in the course of that small meeting on SDI that the President referred directly to Channell and thanked him for some commercials that he had done saluting the President's efforts in the Geneva Arms Control. And they were commercials that ran the night the President was flying back, before he spoke to Congress.

And that the President singled him out at that meeting to thank him and told him that he had personally seen the commercials on television and thought they were great.

So, he had -- you know, from that explanation, I believe he had met him before and knew who he was. But, other than that, before the January 30th, I think that was the only time.

Q And one of the issues that has risen in this investigation has been what President Reagan knew about the organization before which he appeared, or the people before which he appeared on January 30th.

In your memorandum to Mr. Regan, and in a number of the pieces of internal correspondence that it spawned, ACT and NEPL are referred to as organizations that are conducting public relations campaigns and commercials, and there is not any reference to direct financial support to the Nicaraguan Resistance in those pieces of correspondence.

To your knowledge, was President Reagan aware, when he appeared on January 30, 1986, that either ACT or NEPL or

Mr. Channell or any of his organizations were in fact providing direct financial assistance to the Contras?

A No, not to my knowledge at all.

Q Were you aware at that time that those organizations were providing direct assistance?

A No.

Q When did you first become aware of that?

A The only time that I can recall even having a reference to any kind of assistance was the mention of one of the contributors had provided some kind of humanitarian aid. And that is as much as I knew about it. I don't know whether it was --

Q When was that?

A It was in a document that was -- there is a list of different people who had photo opportunities with the President, and in the description of one of these people, it had mentioned that she had -- it's a little unclear whether she was supporting humanitarian or whether she did it. But there was a reference to humanitarian aid. And that is, you know, that's about as much as I recall knowing anything about assistance.

The focus on this, the reason for that meeting was -- and the President looked at their commercials before he went into that meeting, so he was able to go in and thank them for doing the commercials. That's precisely what he

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went in there for. That's why the meeting was organized.

Q At any time prior to the January 30th briefing, did you discuss with Colonel North the activities of ACT or NEPL, specifically any activities that offered financial support to the Contras?

A No. There are reference in my calendar meetings, and the meetings prior to this January 30th briefing, I can only suppose had to do with this briefing that was to take place that was to take place on January 30th. And that's what was discussed.

Q How many other White House functions did you arrange on behalf of ACT or NEPL or their contributors? By function, I'm speaking of any kind of meeting.

A There was, you know, the activities in relation to the SDI program with the National Security people. There were activities that were generated -- meetings that I went over and had individually with the counsel's office and with Public Liaison in reference to their SDI briefing that was to take place in June. And there were a lot of those meetings. But, in general, that was just me going over.

Q How many events involving an appearance by President Reagan for his own personal involvement, personally responsible for?

A There would be the January 30th briefing. We had one scheduled for SDI that was postponed and eventually never

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happened.

Q Was that to include a drop-by by the President?

A Yes. There was going to be General Abramson and Keyworth.

And then there were approximately six photo opportunities that took place over I guess a 10 or 11-month period in which people had their photos taken with the President.

Q Do you recall any of the individuals, the names of any of the individuals?

A Oh, sure. Fred Sacher, Mr. and Mrs. Warm, Mr. Bill O'Neill, who owns Investor Daily in California, Mrs. Garwood, Ellen Garwood, Barbara Newington. And there were a couple that were just arranged for the White House, and I didn't go and I didn't meet the people so I can't recall their names. If you gave me names, I could probably tell you.

Q Were you involved in Mr. Hunt's, L. Bunker Hunt?

A Yes, Bunker Hunt. And I think there was a name Driscoll, but I don't know whether -- the Driscolls, that's another name.

Q Was the procedure the same for each of these photo opportunities in what you did in order to bring them about? Was it comparable from photo opportunity to photo opportunity?

A Well, the only difference would be in some I was not there. But generally I would be there and I would meet the people prior.

Q But I mean as far as requesting the photo opportunity.

A Oh, yes.

Q And could you walk through for me what you would do in order to do those?

A Generally there would be contact with the Scheduling Office saying that is there a good, you know, in the next month or two, to have a, you know, when are you doing photo ops or when would be a good time? And they would give me times that looked good, and then I would communicate also with Jim Kuhn, the President's personal aide, who was my replacement, and say, do you have any -- you know, he was the one that would actually, you know, like I would before, he controlled the office. And so it would be between Scheduling and between Jim Kuhn.

Q Did it have to be reviewed by Donald Regan?

A It was approved by Don Regan.

Q And how would you -- would you -- what was done about it in any way?

A I discussed that with Don as one of the things that was requested.

Q Was this in January, the January meeting?

A I believe it was January, or if it was not, then it was later on. I mean it was at some point. I can't recall

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whether it was a part of it. Because I think the January 2nd briefing had to do with the briefing. But there was a time whether -- I think it was in his office later on in which we talked about the group and the fact that there were some people who had been very supportive that we would like to get photos for. And, you know, that is something that is very easy to do in the White House.

MR. McGOUGH: Off the record.

[Discussion off the record]

MR. McGOUGH: Let's go back on the record.

BY MR. McGOUGH:

Q I said perhaps it was easy for you to do in the White House.

A If you know the procedure. And, frankly, you know, you have obviously reviewed the record of these people and their contributions, not only to the television programs but to -- these people had been long time contributors to Reagan. They were, you know, either Republicans, well-known people. And I won't bore you with how photos take place in the White House.

But it was discussed with Don Regan. He said that it had his approval. When I discussed that subject not only with Jim Kuhn but Bud Ryan, I said this has been discussed with Don, check it out. And, you know, I'm sure they did check it out.

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So they would tell me what looked good. And then people would be notified and brought to Washington.

Q Did you discuss with Mr. Regan the approximate numbers of such requests? Did you talk to him in terms of dozens or a few?

A I can't recall. But the list was, you know, the list was never -- I don't think there were ever more than 10 names on the list. And it was, you know, the one list that was worked off of.

Q Whose list was that?

A I got it from Miller who probably got it from Channell. And it was a list of a computer readout -- it was not a readout, but, you know, something from the computer that was given to me that had the names, social security number, date of birth, and a brief description of who these people were, and their past history in politics and what they had done to help on the PBS.

Q Do you think there were approximately 10 on that?

A I'd say about 10 on the list, yes.

Q When you say what they had done, do you mean how much they had contributed?

A Yes.

Q That would have been in the information given to you?

A How much they had contributed to the TV commercials, and also, you know, if they had been -- you know, this person is a Republican, you know, a little bit about them to show that, you know, that they were long time supporters.

Q Did you do any screening of that list? I mean you got a list of approximately 10 and you wound up setting up meetings for about six. Did you further cull that list?

A Well, I know on the initial list, all the people were on the January 30th invitee list. At least I'm pretty sure they matched up.

I remember, in talking to Fielding, I think it was Fielding directly, about that invitee list, the one name that popped up in my head that I thought may be a problem was Bunker Hunt because of the problems he had with silver. And I remember saying, look, I don't know these people but, you know, the service is running the name check. This is the only name I recognize as a public figure that maybe has done something that can cause problems. He said, look, he hasn't done anything that is an embarrassment.

So that's the only name -- I mean, counsel's office had the names.

Q Did you send the entire list over to Fielding's office?

A Absolutely, hand-delivered it. The January 30th invitee list which I believe that everyone of these names plus some other names.

Q I was speaking to the list of 10 if we can call it that?

A No, that did not go to Fielding's. It had already been covered.

Q Okay. But I guess my question is, did you, in setting up these appointments or these photo opportunities with the President, how did you -- if you did, how did you differentiate among them? You've got six people who actually, six or seven who actually did have a photo opportunity.

Was everyone on that list ultimately -- did that everyone on that list ultimately receive a photo opportunity with the President?

A I can't answer that. I don't recall. I mean there may be one or two that didn't.

I know that some of these people were elderly and there was health problems. And sometimes when they wanted to have one, all of a sudden, the person was in the hospital and there were those kinds of problems. So there may have been one -- you know, the last one was last fall, I believe in October was the last of the photos.

But I believe most of the ones on the list did with maybe one or two exceptions.

Q Did you ever say to Mr. Channell or Mr. Conrad or Mr. Miller, look, we're just going to the well too often on this, or something to that effect? That, you know, there are only so many of these things we can do, and you're pushing too hard for too many people?

A No. Because there weren't that many people and it was over a long period of time in which they took place. And the Photo Officer literally done, I would say almost every day. You know, there's not a day -- at least, someone, Jim Baker would come by and say, oh, I got so and so from Texas, a great friend of the President's. Take him in and give him a photo. And, you know, it wouldn't be on the schedule. You would just, you know, you would just take people in for photos. I mean it's part of politics and part of, you know, one of the rewards of being an activist and being frankly a big contributor. That's why people joined the Eagles and why you joined Reagan's Citizens for Republican in California because every year you get invited to Washington and you get to see the President.

And so that's part of the reason these kinds of things are done. And, in fact, you know, the great extent to which these people gave money and the President was able to see on television what they were doing, there was absolutely no reluctance to doing this. He was more than pleased to meet with these people. And Don Regan, there was no problem.

Q Did you explain to Mr. Channell and Mr. Conrad that photo opportunities could be a fairly routine matter that you felt you could do?

A I would doubt very much. I mean I don't know what I said to them. I would doubt I would say that anything in the White House was easy.

Q I guess it's a poor choice of words on my part.

Do you tell them that you thought you might be able to set up photo opportunities?

A I'm sure I did.

Q And that was part of the services you were rendering to IBC?

A Well, it became one of the things that was done. It was not part of initial discussions. In matter of fact, the real first things that were talked about that I got from Art and I believe from Rich was that there were certain people that Channell wanted to meet to help explain who he was and what his programs were. And, you know, there were a list of people like Frank Fahrenkopf and Paul Laxalt, and Elliott Abrams I know was one that he wanted to meet. And we eventually did have that lunch with Elliott. And I think Don Regan was on the list.

I mean there were those kind of people, you know, that ended up, being Charlie Wick and all sorts of people throughout the Administration and, you know, opinion type leaders and, in fact, you know people in the Administration that he wanted to get to know to tell them who he was and what he was doing and where he wanted to go with his programs in support of the Administration.

So it evolved into that, and that did become a request, could this happen, and I said yes, it could be.

Q When you set up the January 30th briefing, did you attend that briefing?

A No. Best I recall, what happened was the room was so packed, and I had met the President I believe right in the hallway just to say Mr. Sacher is here and Channell is here, and you want to recognize those people. And he went in. And I remember going around to the backdoor and just peeking in and seeing what was going on.

But the place --besides the chairs that were in the Rose Room, everything around, they brought in folding chairs, and the place was packed. So I stayed outside.

Q Were you any of the functions that evening?

A Yes. They had a dinner and a reception at the Hay-Adams at which Elliott Abrams was to speak. And I went over for a brief time at the cocktail party and then left.

Q Were you ever present when Colonel North spoke to any of Mr. Channell's contributors?

A Yes. I was at a -- well, I was in the complex obviously when he gave his slide show to the January 30th people. I was not in the room.

I think the next time I was ever with him when he spoke to a contributor was Bunker Hunt, and that was in a meeting at the Hay-Adams, like a breakfast, somewhere around breakfast time.

Q Can you describe what took place? Who was there and what took place?

A It was North and Channell and Bunker Hunt.

Q Why were you there?

A I kind of invited myself because I wanted to get to know Bunker Hunt a little better. He was a guy that fascinated me as a great financier, and I wanted to meet him. And so I asked if I could drop by for a few minutes, and they said sure.

Q Did you attend the meeting or meal?

A It wasn't a meal, I think it was more -- maybe it was a meal. To me it was like late breakfast. I was there for part of it.

Q How long were you there?

A This is just a guess, 20 minutes maybe.

Q What happened while you were there?

A The best that I can recall about that is that Bunker had not attended the January 30th briefing. He was invited and couldn't make it. And North was giving him a briefing on the situation in Central America. and obviously the slides weren't there, but I believe there was a map. I seem to remember a map of Central America and that part of the world. And I kind of call it, it became known as the dog and pony show that, you know, you went through a description of what was going on in Central America and with the Soviet Union's incursion down there, and the threat that it posed to the United States. And talked about the plight of the Contras.

Q Did you understand why that presentation was being given to Mr. Hunt?

A Yes, because he had missed the briefing in January.

Q Did you understand why that briefing was being given, I mean why he was being given that information?

A Just because all the other contributors had gotten that briefing, and that was, you know, they wanted him, as I guess, was to get the same information as everyone else had.

I believe he never attended anything in the 1985 briefings. This was his fist exposure I believe to that program.

Q By that time, or at that time, did you have any understanding that Mr. Channell was making solicitations for direct aid to the Contras?

A No. There was nothing at that.

Q During that portion of the meeting that would have alerted you to that?

A No. Matter of fact, you know, if I recall, it was North that did all the talking. He was doing the briefing. And everyone just kind of sat there and listened.

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Q Did he speak in terms of specific military needs of the Contras?

A He talked about the plight of the Contras, and by that that they were suffering greatly, that they were, you know, they were in need of food, and that they were, you know, in need of bandages, medical care, and they were out of weapons, that they were fighting a war with very little. He did talk about that.

Q Did he talk in terms of specific amounts of money needed to supply them?

A Not at all.

MR. WORK: Needed to supply what?

MR. McGOUGH: Needed to supply those materials.

BY MR. McGOUGH:

Q Do you recall a lunch at the White House mess with Mr. and Mrs. W~~y~~arm and Marty --

A I do.

Q I believe it was in about March of '86.

A That sounds about right.

Q Can you tell me how that was set up and why it was set up?

A It was set up by me, and it was just to take these people to lunch in the White House and to get acquainted with them. And then, afterwards, they had their photo with the President.

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Q Can you say what was discussed?

A I can recall them very well. Either he or she is the heir to the Gerber money, Gerber Baby Food. And they spent a lot of time talking to Marty and I about this island that they owned off the coast of Central America, and just talked about their family and spending summers down there. And kind of why they got involved in the issue because, you know, they had a place down there, and they were very worried about what was happening in Central America.

And in fact they later wrote and sent us photographs of the island and invited us to go down there.

Q After you left the White House, did you retain White House mess privileges?

A Yes.

Q Is that standard operating procedure?

A I think there's a lot of people that have access to the White House mess, yes. If there's room available for you to go there. You call ahead of time and ask for permission.

Q And did you at that time still have your White House pass?

A Yes.

Q Is that standard procedure to retain your pass after you've left the White House?

A I wouldn't want to call it standard. I think with some people, it was standard, people who were close to the

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President, people that continued to provide services to the White House. And by that, I mean it was something that Don Regan had done for me. Matter of fact, when I left, mine soon expired and I was issued a new one. And I was frequently called into the White House by the Regan staff, David Chew in particular, to come in and have usually a late afternoon or early evening strategy sessions on different things that were going on, different problems the Administration was having. And they would ask me for my insight or recommendations.

There weren't just many old-timers left at the White House and people that knew the President well. So I was frequently called over to just sit and talk. You know, that is approval. So I believe I must have. I mean there's a sign-out procedure when you leave the White House, and one of those things is you turn in your pass. And when it came time for that, I didn't have to. So I believe it came from his office or someone in his office had to approve that.

Q You say there comes a time when you turn in your pass.

Do you recall who did the debriefing or the exit procedures?

A Well, you go. You have a sheet of paper that tells you to go 14 offices, whatever. And in each place you do a certain thing. In one of the places, as you go in and turn in, you know, your pass, and that one, I guess, was just

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signed off or something. I didn't have to do it. I mean it was on the record that I had mine and it was outstanding.

But I can only tell you you can't leave the White House without either turning it in or having someone say this has been approved.

Q Do you recall who approved it?

A It was either Don Regan personally or someone in his office. I mean it would take someone of that stature to tell whatever office that is he doesn't have to turn his in.

Q Did you ever ask anyone for permission to keep your White House pass?

A I don't recall that. I don't recall that. And I may have.

Q Do you still have your White House pass?

A No. That was requested by a Jonathan Miller who was then -- I can't remember the title of his job -- it was like the Administrative Officer -- had called last fall and said that they were pulling in all of their passes that were outstanding, and would I bring mine in. And I said of course, and did.

Q In the meetings we have already discussed, did you ever have any contact, direct contact with any of Mr. Channell's other contributors other than pleasantries on the way in or out of the meeting room?

A With me personally?

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Q You personally.

A No, I didn't. Other than pleasantries on the way in and things like that.

Q In other words, after they had their photo, was there any contact?

A I don't believe there was with any of them.

I think with Bunker Hill, Hunt? he may have been the only one that I ever corresponded with. I just wrote a little I enjoyed getting to meet you kind of thing. And I never heard back from him.

But other than that, I don't even think, on the Wurms, I don't think I ever corresponded. I think that was a letter from them to Marty with the photos of the island.

Q There was a meeting with [redacted] and Colonel North that you described earlier.

A Yes.

Q Would you tell us how that came about?

A Yes. One of the things that -- Channell had certain people he wanted to meet, not only people in the Administration but heavyweights in industry. And he knew of my relationship with the [redacted] which is very close, and had expressed a desire to get [redacted] involved in the SDI program.

And what he wanted to do was to go out and meet [redacted] And at this point, I had had enough

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experiences with Channell to know that I did not want to introduce [redacted] directly to him. I was willing to help and see if I could get him involved in SDI, but I decided to handle that myself. And I believe I did this without him even knowing it.

[redacted] was being visited by an official of the [redacted] and I --I arranged for a tour. I mean he went on a standard tour of the White House. And afterwards I met [redacted] and we did a more extensive tour with him and this official [redacted]

So [redacted] and I and this gentleman [redacted] and his wife got together after their tour. We did a West Wing tour. This was on a Saturday. And then we walked back to the hotel.

We discussed some of the public education programs that I was involved with and, in particular, we talked a little bit about the SDI program. And I kind of said do you ever get involved in these kind of things? [redacted] has had an aversion to doing much of that. He told me, without going into all the details, that his policy was not to get too involved in too many specific issues. Matter of fact, he didn't even get involved with specific candidates unless there was a real reason to get to, until the person had the nomination of the party. And then he didn't mind giving money.

And he just explained that everyone was always looking [redacted] for donations. And I believe we talked about what had been going on in these other TV commercials, and I said, look, there is this other program that wants to go, and would you mind if I brought somebody out just to give you a briefing on what's going on in Central America?

And he said sure, and he said just give me a call. So I gave him a call. I called North up and asked him if he wouldn't mind giving the slide presentation dog and pony show to [redacted] Now, by this time, the whole Central American thing is winding down, and SDI is real high on the list. And so my thought was --

Q The dog and pony show was to be --

A I'm sorry. North's dog and pony show, the slide show.

Q On Central America?

A On Central America.

And my feeling was that we would be able to show him what was done on this issue, and then talk about this infancy program of the SDI that we could maybe whet his interest.

So we went out and had the dog and pony show. We actually took the slides out, and we talked about the whole Central American issue. And after the briefing was over with, [redacted] and I called [redacted] up to discuss the SDI program and what he had seen in the slides. And I said, look, I've thought about this a lot because of what you had told me about what your policy is and also because we're good friends. I think for you to take a position on an issue that has an equal amount of support and people who are against it would be a mistake for you personally. But, business wise, since your name is on the company and you are a publicly-held company, and your stockholders can get pretty upset with you if, all of a sudden, you are out there spending money for television commercials, urging public support of a particular program with the President.

And he laughed and said he had already come to the same conclusion. And that was really the last we talked about it.

Q So, as far as you know, no one ever specifically asked him for a contribution for anything?

A No. Because I'll tell you, to the best of my recollection, I don't believe I ever told -- I may have told Miller I had the meeting, but I don't believe I told -- I don't know even if I told Rich, because I decided, and [redacted] had independently that he was not going to do anything in SDI; that I just dropped it. And I just don't think I ever told any.

He wanted to meet Joe Coors, Channell, I mean there's a whole list of people that he wanted to meet with. And they just didn't happen.

Now, he may have met some of those people using other avenues and other consultants. But not with me.

Q In the course of your relationship with Mr. Channell -- first of all, can we put a date on that meeting with [redacted]

A I'm going to say approximately April of '86.

Q In the course of your work with Mr. Channell, you set up a number of meetings, or you set up some meetings with Elliott Abrams.

A Yes. Well, no, I didn't. But I attended them.

Q You attended some meetings with Elliott Abrams. All right.

And you mentioned that Mr. Abrams was one of the people that Mr. Channell originally said he wanted to meet with, correct?

Can you tell us how those meetings were set up?

A Yes. Artiano enjoyed a personal relationship that went back, I think, before the campaign, or maybe they worked together in the transition. But anyway there was a personal relationship between Artiano and Abrams.

So when it came time for arranging that, he did it. Elliott Abrams probably knew who I was, but I don't think we had ever met than maybe, you know, when he was over at meetings in the White House I may have, you know, introduced myself. But Marty took the lead on contacting Elliott.

And the only ones I was involved in were two meetings. One was a luncheon at some restaurant in town, and there was Abrams, Artiano, Fischer, Channell, maybe Frank Gomez. I don't know whether Frank was there or not, but I can't recall that.

And the purpose of that meeting was a get acquainted session and for Elliott to be briefed on what these guys were doing in this public education effort and, you know, basically get acquainted.

There was a second session that was requested by Channell, and this was months later, in which, as I recall, he was getting the words from contributors that the President was about to radically change his position on Central America. And the contributors who were calling in were angry with the President. I don't know if there was a news story out or what.

So Marty arranged, at the request of Channell, a meeting with Elliott in his office, and it was to find out what was going on so Channell could call his contributors back and say, yes, it's happening, or no, it's not.

And as I recall, it was like a 10-minute meeting, very, very brief. And it was one of those times where Channell was a little contentious. And he got the answer he wanted that, you know, the President in fact wasn't changing his mind on Central America.

But it was one of those meetings that didn't go well. And I know Marty and I at the end of it both came to the conclusion that's it, you know, we're never going, you know -- Marty was not willing at that time to ever call Abrams again because of the result of that very brief meeting.

And if I'm not mistaken, Elliott was a little put out too.

Q Was there any discussion at either of those meetings, or to your knowledge at any point with Elliott Abrams of ACT or NEPL supplying the direct financial assistance to the Contras?

A No. And I got the distinct impression that the reason for the lunch was they didn't know each other. And this was an opportunity for them to get to know each other.

Q Were there ever any requests to set up meetings with Vice President Bush or his staff?

A In reviewing again the documents that they gave me for their activities in '85, I ran across correspondence that showed that they had met with the Vice President. And they, meaning Miller and Channell, had met basically directly with Bush and people on the staff.

And while the letter didn't say what it was for, they later told me as one of the things that they wanted assistance on was they wanted to put together a series of dinners around the country for the Vice President with people that I think they described as people who wouldn't normally be supporting the Vice President, but people who would be opinion leaders in those States. And the purpose of this would be he would go in, have dinner with these people in their home -- there would be a small group of people. He would give a speech on foreign affairs or domestic -- whatever they wanted to talk about. And there would be a question and answer session. And they even talked about having, whoever the agency was that handled Channell, Goodman or Goodman Agency, that did their commercials, would go to these and film the speech and also the Q&A session so the Vice President could use it for whatever purpose he wanted to, that he would have all of these different speeches and Q's and As on tape.

And that basically was the program.

Q Were you involved in setting up those meetings?

A No. Because it happened before. And the correspondence, I think, was already in after the meeting requesting, you know, is this going to take place? I believe made some phone calls into the Vice President's office to find out that it was the political -- by this time, he had "Bush in '88," or whatever they called their group -- that they had decided, the politicals, that they were going to handle those kind of meetings, and it was basically turned down.

Q Let me show you what is marked as Deposition Exhibit 5.

[A document was marked for identification as Fischer Deposition Exhibit No. 5]

BY MR. McGOUGH:

Q Take a look at that. It's a letter on the stationery National Endowment for the Preservation of Liberty, dated February 12, 1986, to Vice President Bush, signed by Spitz Channell.

It proposes the types of dinners that you described, and then the fourth paragraph says, "If you could spare a few moments, Marty Artiano, David Fischer, Rich Miller and I would like to discuss seminar subject matter in your personal preference of format."

Do you know if in fact that meeting ever took place?

A If it took place, I wasn't there.

Q Were you aware that this letter had gone in?

A I can't recall this. I really can't. I mean I just recall that they were moving forward. And my recollection was the Vice President's office said no. Not his office so much as the political office. I mean his campaign had decided that this was more a campaign activity and they would be handling that, you know, from Atwater's shop.

But, you know, not to say that that didn't happen. They may have had a meeting. I don't think so because the whole issue died. At a certain point it was never even discussed again.

Q Who were your contacts in the Vice President's office on this issue?

A It may have been Craig Fuller, but I don't know that I even spoke to him or one of his assistants may have called back. Or I may have even talked to Lee Atwater or one of his aides in the campaign. I mean it was either somebody who worked for Fuller or somebody who worked for Atwater.

Q Were you ever asked to set up a meeting with Senator Dole?

A They had a program identical with this for Senator Dole. And I don't that I was asked to set up a meeting other than to help put together the same kind of program that they wanted to go forward.

I believe that he met with Dole. And I know at one time I had called over there to arrange a meeting to talk about this. But I didn't happen or it got canceled, or something. And then I think, independently, you know, again

I'm just trying to recall, I think independently he did get his meeting. I had put in a request with the Senator's office.

MR. McGOUGH: Mark this as Exhibit 6.

[A document was marked for identification as Fischer Deposition Exhibit No. 6]

BY MR. McGOUGH:

Q For your information, this is a copy of a sheet of telephone messages from on or about August 7, 1986, from Channell organizations' telephone logs.

In the upper left-hand corner, there's a message, what appears to be a message from you to COC, which would be Mr. Channell. The first line says, I think, "Will call tonight at home," or something to that effect. And then the bottom line says, "Dole meeting looks good."

A Yes.

Q Does that correspond time wise when approximately you were trying to set that up?

A You know, I believe it was about this time, you know, summer or late summer.

See, I don't even know who I called. I think I called into his secretary, meaning Dole, and there was a time when it was real close to happening. But I think, oh, yes, he was the -- this couldn't have been, '87 -- this had to be

'86. Oh, I'm sorry. I'm just looking at your date that you put on there.

Because he was still the Majority Leader then. And there was some kind of problem there, something going on, that the meeting got scheduled, it got taken off, or it got reduced from like 20 minutes to five minutes. In other words, it just wasn't working out.

And my recollection is that it kind of got put on hold. And then I was later informed that he got his meeting. But I don't know how it happened. But it was on the same subject. They wanted to do dinners for Bob Dole.

Q Did you attempt to set up meetings with Charles Wick?

A Yes. Not only tried to, but did.

Q Can you tell me what those meetings were about?

A Yes. They wanted to meet Charlie Wick and to tell him again about all of the commercials, but also the documentaries that they had been filming down in Central America.

And Charlie and I were good friends. And I told him about this group, sent him over all the tapes of the commercials, the compilation of the tapes. And he reviewed that material. And we had a lunch, and it was a lunch with -- Charlie Wick knew Frank Gomez because Frank had been at USA, so it was Channell, Charles Wick and Frank Gomez and Miller.

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And again it was one of these get acquainted, this is who we are, and they talked about all their programs and where they wanted to go with them and, you know, sought his advice and counsel on -- basically get acquainted.

Q How long have you known Mr. Wick? You said you've known him for some time.

A Since the campaign days. I got to know his wife fairly well, and then the campaigns with Charlie. And they were around the Reagans socially, so whenever they were together, I would be around.

Q Did you set up a meeting with Attorney General Meese?

A Yes.

Q Can you tell me how that came about?

A Yes. That had to do with their Constitutional Minutes program. The Constitutional Minutes program was a very expensive education campaign on the Constitution. And their concept very briefly was that they wanted to do TV commercials very different from what they thought the AB and other people would do.

They wanted to take portions of the Constitution and show how it affected people in their average everyday life. So it was going to be kind of geared towards the average people and this is your Constitution, and because this is in the Constitution, this is why your life in America

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is better.

They even wanted to go so far as to do cartoon commercials for Saturday morning television for children.

So it was definitely my judgment that the Attorney General be briefed about this. And so we set up a briefing -- I believe again this was in April -- with the Attorney General, sent all the tapes and all the documentation over ahead of time. But what he wanted to do, and I got this from the staff, was he wanted his staff and me to see the commercials with Channell and Miller and everybody there. So we went to the Justice Department at the conference table in his office, and he was surrounded by his aides, and Marty Artiano was there and Channell and Miller. And we sat for the first part and watched all the commercials.

And then -- this program was really at its infancy at this time and they -- Conrad was there too, because the Constitutional thing had always been kind of described as Dan's original idea. So Channell and Conrad briefed the Attorney General and his staff on what they wanted to do, only in much greater detail than I'm telling you. And even though, you know, that it was a year and a half away, that they were going to raise millions of dollars, and this is where they were going with it.

We talked about Constitutional writers, you know, who would be the kind of people to see. And they talked

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about the kind of people that they wanted to put on their Board of Directors, and it was basically this is where we are and this is where we're going, and what do you think?

Q Was there any specific action act asked of the Attorney General at that time, or was it information?

A Well, I don't know if it was at this time but, later on, what they definitely wanted was Ed to serve like an Honorary Chairman or something like that, and also to sign a letter endorsing the project.

And later on, this was much later on, there was a request that he speak at a gathering of people who would be supporting this which, you know, he agreed in principle to.

Q Was that the only meeting that you're aware of with the Attorney General?

A I had subsequent meetings over there not with Channell. I believe that was the only one that we ever had.

Q Were your subsequent meetings with him related to Channell or his organizations?

A Yes, on the Constitutional Minutes Program.

Q What was the substance of those?

A It was progress reports. And a lot of times, it wouldn't even -- not a lot of times -- it was more meeting with people like Kenny Cribb and John Richardson. John Richardson was his Chief of Staff. And we would talk about where they were going and the timetable, and when it came to talking about a letter and a meeting where Ed would speak, that was strictly done with the staff.

Q Did you set up a meeting for Mr. Channell with William Casey?

A Yes.

Q And what was it? One of the projects that -- first of all, let me back up.

How long had you known Mr. Casey, or did you know Mr. Casey?

A Yes, I knew Bill very well from the campaign. I mean I got to know him when he came onboard, you know, when we had the first campaign team serious organization. When that vacated, Casey came in and ran it.

And so I got to know Bill very well during the campaign, the 1980 campaign. He came on, I guess, in about the New Hampshire primary, February of 1980.

Q Were you responsible for setting up the meeting?

A Yes.

Q Between Mr. Casey and Mr. Channell?

A Yes.

Q What was the purpose of that meeting?

A The purpose of the meeting was Channell, one of the things that he wanted to do other than -- he had documentaries on Central America. He wanted to do a couple of documentaries on the successes of the Agency and, in order to do that, he had to have the Agency say, look, these are the kind of accomplishments that we can even talk about. And he evidently had someone, he told me, who was going to give the first half million had already been committed to the project.

And so he wanted to meet Casey and tell him about the program. And so I called Bill and set up the meeting. And I attended it.

Q When did the meeting take place?

A I am going to say spring -- you'd have to check my calendar -- but it's spring of '86.

Q And where did it take place?

A In Mr. Casey's EOB office.

Q What happened at the meeting?

A Well, I went in first and had a meeting with Bill just to tell him, you know, a little bit more because, before that, there had just been a telephone request. And so I went in to tell him about the group, tell him about the commercials, and to tell him briefly that the guy was going to come in and talk about -- told him what the request was going to be, just to give him enough warning about what was going on.

And then we brought Channell in, and he talked about his program and what he wanted to do.

Q What, if anything, did he ask of Mr. Casey?

A He wanted to know if Mr. Casey would endorse such a project and if it would be possible to get -- in order to

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make it happen, he'd have to have some kind of cooperation. Someone in Public Affairs or whatever office who would handle that would have to, you know, give them the rough material that could be used to film the documentaries.

Q Did Mr. Casey agree to that?

A Mr. Casey smiled. No, he did not. He thought it was a wonderful idea and he would certainly discuss it with his staff. I don't know just exactly what was said, but this is kind of it, and that a wonderful idea, talk to my staff, and we'll get back to you.

I knew that nothing was going to come about, and nothing did.

MR. McGOUGH: I think this would be an opportune time to break. I probably have another half hour, 45 minutes, and I have a fire I have to put out at this point.

[Recess for lunch]

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AFTERNOON SESSION

Whereupon,

DAVID C. FISCHER

the witness on the stand at time of recess, resumed the stand and further testified as follows:

EXAMINATION BY COUNSEL FOR THE

SENATE SELECT COMMITTEE (resumed)

BY MR. McGOUGH:

Q Mr. Fischer, I purposely left off until this point of the deposition discussion of the evolution of your arrangement with IBC, because I wanted kind of to lay the "big framework" and talk about some of the specific things you did.

We've been told by you, and by other witnesses, that there were several phases as far as the financial arrangement, and the specific nature of the agreements that you had with IBC, and we have established the basis of the original agreement.

There came a time, did there not, very early in 1986, when there was a restructuring, or a change in the financial arrangement from a straight $20,000 a month retainer to something else, is that fair to say?

A Yes.

Q Could you tell me why that came about, and what in fact came about.

A Sure. In early '86, Artiano and I, particularly, had discussions about my future in Washington, and how I was going to operate, and we knew that we'd be moving back soon, and I was in the process of trying to decide which direction to go in, and as far as a permanent base of operation.

And Marty talked to me about--and eventually, this led to discussions with Richard Frank about the possibility of forming a more permanent relationship with IBC. And these kind of discussions went on over some period of time, and it was something that Marty was a great advocate for, and that, frankly, I saw some advantages to it because of the difficulty of working just as a single person, you know, handling your clients, and sometimes, the needs of the clients became greater and you needed more assistance.

So I saw the benefits to it. Over a period of time, discussions were held about the possibility of forming this association, and eventually, as you know, it did take place, and it was formalized in a document in July, I believe, of 1986.

Ongoing with--well, that's another subject. Let me just stop there and let you ask the questions.

Q To refocus you, was there a time in or about January of 1986, when payments by IBC to you and Mr. Artiano increased over and above the $20,000 monthly retainer?

A There were bigger checks. The relationship at that

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time was still the same. It was a relationship with IBC, a commitment over a long period of time.

Q And that was a 2-year commitment at $20,000 a month?

A Correct. Yes.

Q That was not the schedule on which the payments were made, is it fair to say, over the--

A That's correct.

Q In 1986, you were not receiving $20,000 a month?

A No.

Q Why not?

A There were times when acceleration was requested.

Q Was requested by whom?

A I'd have to say in the initial phase, like there was an acceleration end of January. That came as a part of a discussion between Marty and I, and I believe Marty made the request. In the early stages, as I said before, Marty was--I don't want to use the word business agent because he was a partner in this client, but his part of the responsibility was defining the relationship, and had far more communication with the principals than I did.

Now eventually that changed, but in the initial stages, when there were things to be discussed, Marty and I would discuss it, and Marty would take it in and talk to Rich.

Q So throughout this period there were discussions that Mr. Artiano would have had with Mr. Miller to which you

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were not privy? At least you weren't present when the conversations took place?

A That's correct. Now those may have been in person, or phone. I have no idea how they took place, but I just know that he did have communication, independent of my communication.

Q Now you said you and Mr. Artiano discussed accelerating payments, and then he eventually took that as a request to Mr. Miller. Is that correct sequence there?

A Correct.

Q Can you tell me when you first had these discussions with Mr. Artiano.

A They would have to be some time in January. Exactly when, I don't know. What was happening is that what was being asked for, and the projects that were now being envisioned greatly exceeded what we had anticipated was originally to take place, and, frankly, there was a fear on his part, and frankly, mine, too, even though I hadn't--

Q His being Mr. Artiano?

A Marty. Mr. Artiano. A fear that in Washington, when you have clients--today you have a client and tomorrow you don't. I mean, things are very volatile, and because you have a permanent arrangement doesn't in fact mean that that's what's going to take place.

A client can become dissatisfied with your perfor-

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mance and just end the relationship. And that frankly, one of the things--because we were very new into this relationship, Marty and I were both concerned that maybe this may not be going on as long as we thought. And so that was the discussions we had, and it resulted in Marty making a request for acceleration.

Q Now this was less than one month, or approximately one month into the original relationship?

A Right. Probably the second month because I think we started some time in December.

Q And started some time in December, and some time in January you were already discussing recutting the deal, is that fair to say?

A No, I don't think it's recutting the deal; it's just accelerating the payments. In other words, a commitment had been made, a long-term commitment, and for that, I was going to work, as far as PR effort, just with IBC, and not affiliate, even informally, with any other group, and so that part had not changed at this time.

Q But we can agree there's at least an appreciable difference between $20,000 a month for over the space of two years, and accelerating those payments up into a single year, or whatever the term was that was ultimately agreed on?

A Yes. Even though I'm not so sure what his discussions were with Rich. Obviously, an acceleration was perfectly acceptable to IBC because they made the payment.

Q From your standpoint, why was an acceleration in order?

A Again, what was requested from IBC started to exceed what our original expectations were.

Q In what sense?

A The workload was getting heavier. In other words, it's a far cry from initially talking about introducing their client, Channell, to Frank Fahrenkopf, or Paul Laxalt, or Elliott Abrams, just to describe their meeting, to all of a sudden, now, can we do this briefing, we could like to do a briefing, and we want to do Constitutional Minutes, and we want to do SDI. And their so-called "wish list" started going into the pages and pages of things that they were interested in doing.

And so it was really based upon that that--you know--in partial, and a concern that maybe this thing would, say, maybe would not be around forever, that the request was put in.

Q Well, let me see if I can get you to be a little bit more specific. What did you understand in December of 1985 that you were going to be asked to do, and how did that change in January of '86?

A As I've said before, the initial discussions had to do with increasing the visibility of their client, IBC's client, Channell, originally, with some of the people that I mentioned, and it was not in the early stages--

Q Essentially by setting up meetings, is that fair to say?

A Well, sure. Introducing them to the kind of people that they wanted to meet, to describe their programs, and where they wanted to go with those programs. And all of a sudden, very quickly, it evolved into something much bigger, and the projects went from the discussion stage to specifics, and we had--very soon we were involved in a dozen projects.

Q Was there any attempt made in December of 1985 to get a written agreement as to what you were doing for the $20,000 a month?

A No.

Q It was just all an oral basis only?

A Yes, as were a lot of the relationships that we entered into on other clients, meaning Marty and I.

Q In January of 1986, was there any attempt to get in writing exactly what you were supposed to do, and how much you would be paid for it?

A No, not to my recollection at all. I never requested it.

Q How did you understand, or what did you understand to be the proposal as far as acceleration went?

A How did I understand the proposal?

Q What were you and Mr. Artiano asking IBC to do?

A Well, Marty put in a request to increase the payment.

Q But it was at $20,000 a month. To what did he want to increase it?

A On that he made a specific request for 25 apiece.

Q So a $50,000 increase, or $50,000 monthly total--

A No, no. It was just a one-shot--you know--can you accelerate on this date?

Q So it was a one-shot $50,000 acceleration?

A That's my understanding of it.

Q And was that to be in addition to the regular $20,000 per month retainer?

A I believe at that time that the January payment had been made. I'm not too sure what the anniversary day--maybe it had been or hadn't, but I believe it had been made already.

Q Was anything further asked in the way of acceleration other than the front-loading $50,000?

A Not at that time, no.

Q Was there any proposal made to compress the entire $240,000 up to the first four months of '86?

A You mean, ~~in~~ other words--

Q Compress the whole contract?

A No, not that I ever recall. I remember that specific request--you know--in the month of January.

Q When this proposal was made to Mr. Miller by Mr. Artiano--I don't know whether you were there, or not--but did you learn, either at that time, or at a later time, that Mr. Miller relayed that request to Mr. Channell?

A I don't know that it had--our relationship was with IBC. It was a commitment from Rich Miller and Frank Gomez for a long-term relationship with IBC, not only on this client but on other clients of theirs, and so the request just went to him, and that's as far as it went. I mean, as far as I know. What his internal mechanism was, I have no idea.

Q But you certainly were aware that he had to pass at least a portion of that on to Mr. Channell?

A Oh, sure. I knew that he was billing Channell for a wide range of his activities, and the activities were related to Fischer and Artiano.

Q Were you aware that he was passing your fee through to Mr. Channell?

A Was I personally? I just assumed that he was. I mean, I don't have--you know--I don't have--again, in the initial stages, I don't recall ever having money conversations with anybody other than Artiano.

Q But you assumed that he was passing it through?

A Yes.

Q And it was Mr. Channell's work that initiated your request--by you I mean Mr. Artiano's--your request for acceleration, and not any other client that IBC might have had?

A That's correct.

Q So you also would have assumed, would you not, that any additional incremental, or any accelerated fee would also be passed to Mr. Channell?

A You know, that might be a fair assumption.

Q Do you know whether Mr. Miller discussed it with Mr. Channell?

A No. I don't. Channell's and Miller's relationship was something that they discussed. What their financial arrangements were, how they ran invoicing, how they did bookkeeping, I, at that time, and never did know, how he ran his business.

Q Do you ever recall being present at a meeting with Mr. Miller and Mr. Channell, and perhaps other people as well, but specifically those two, at which fee arrangements, your fee arrangement was discussed?

A There was one meeting that did take place and it was as a result of a request by Marty, and it had to do with--I don't know when it was, or how I came to hear this, but there was--someone had said that there was a specific arrangement, financial arrangement tied to meetings, and there was a meeting held with everyone and it was in a

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conference room at IBC, in which that was discussed, in which Marty took the lead on the meeting.

And about the only thing I can recall is that, you know, he raised the issue, and, you know, recapped what the relationship had been from the beginning, and, basically, straightened out the arrangement.

In my recollection everyone concurred that, you know, our arrangement was as he said it was, and that was pretty much--that's the only time I ever remember being in one big room, discussing money, with Channell in the room and Miller in the room.

Now I can tell you about later conversations that Channell had with me, but as to that one meeting, everyone in one room, there was that one meeting that I recall.

Q Do you recall when that took place?

A I don't. Very early in '86.

Q Do you remember whether it was before, or after, the January briefing?

A I'm sure it was right after. You know, I don't think it could have been before because there were no--the January 30th briefing was the first meeting that was even held at the White House. You know, I would assume it would be after January 30th.

Q Do you recall when this proposal for acceleration was being floated, Mr. Miller coming back to you, and perhaps

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Mr. Artiano, and asking about the ability to schedule photo opportunities or meetings with the President, in the context of your request that payments be accelerated?

A No, because I think that the mention of the possibility of photos with individuals happened even prior to the January 30th meeting. At some point--you know--I don't know when it was discussed, but it was all right around the time of the January 30th meeting.

Q But some time in January, prior to the January 30th meeting, there were discussions of acceleration, is that fair to say?

A Yes.

Q In the context of those discussions, do you remember Mr. Miller coming back to you and saying, what is your ability to produce, or to get people in to the President?

A In the context of acceleration, no, because, again, I don't remember having any conversations about acceleration. That was something that Marty handled, and, you know, at this stage of the game I was not involved in money discussions.

Q Do you ever recall Mr. Miller indicating to you, or, to your knowledge, Mr. Artiano, in substance, that in exchange for acceleration of the payments under the contract, Mr. Channell would like to see White House meetings?

A I don't recall anything like that.

Q Do you ever recall him coming back and asking you, on behalf of Mr. Channell, in the context of the acceleration, whether it would be possible to schedule a certain number of White House meetings?

A No, because, again, I never remember talking to Rich about acceleration at this time at all.

Q Do you recall a discussion like that at the same time, or in the same timeframe as when the request for acceleration was on the table?

A No. Again, I don't recall discussions about acceleration other than with Artiano.

Q But there was a time period where that was on the table, and you were also having other discussions with Mr. Miller. Do you recall having discussions about presidential meetings that proposal was on the table?

A While that was on the table? You know, I just don't know the timeframe of when that was. You know, I believe that individual photo opportunities may have very likely been discussed in January. I don't know for sure. I'd have no way--I don't have a piece of paper that says it happened, but I believe it would have been in January.

And so the timeframe, I just--I don't have anything that can help me, one way or another.

Q Just so we make sure the record is clear on this point, was there ever, to your knowledge, an offer or agreement to produce, or to schedule meetings with the

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President in exchange for any fee, any set amount to be paid to you or--

A That kind of proposal was never discussed, that I can ever recall. Now there's no question--and I'll make it real clear--that those kind of photos certainly became part of the things that were asked for and that I agreed to do, and that did become part of the responsibility. But it was not discussed, initially.

It soon became part of the things that were discussed, and I did agree to that, after checking it out, and that it was--you know--and I found that in fact it could take place. And as I've said, and in fact it did occur, and occurred as late as last October.

Q And with whom, again, did you check it out?

A Don Regan. And again, then, I told you before, the process under--how which they were actually implemented, but for permission, that was directly from the chief of staff.

Q Between January and June of 1986, were there any other changes of significance in your relationship with IBC, other than this one-shot acceleration of payment, $50,000? Were there any other modifications?

A Another acceleration?

A Were there any other accelerations?

A Yes. There was an acceleration.

Q And when was that?

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A That took place in April and that was for--and that was one that I specifically asked for, for 50,000.

Q And why did you ask for that?

A Two reasons. At the time, January 1st was the official cutoff with the relationship with--the salaried relationship with Huntsman Chemical. I had a transition period from December to April 1st in which I was still on salary with Huntsman, and it was a transition period in which I was able to go out and to put together a business. That ended on April 1st.

We had a very large payment due on a note in Utah, a payment of--what was it? 25,000, or 25,000 plus interest, or 20, plus interest--anyway, it was a large payment, and we needed an extra infusion of cash to not only take the money, pay the taxes on it in our quarterly statement, and to make the payment to the bank.

Q We being yourself and your wife, or yourself and Mr. Artiano?

A No, no. I'm sorry. It was a personal note my wife and I had. It had to do with our residence. There was an extra note on the house that was due in April.

Q And the work that you were doing for IBC changed significantly between your request for acceleration in January and the request in April?

A Yes.

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Q How?

A The activity increased, and also--well, more activity for Channell. But also, at this point, we were beginning serious discussions about a permanent, or more permanent relationship with IBC. You know, the talks went on for months, and this was going on about this time.

Q Did you yourself--

A Let me give you some specifics on Channell.

Q Sure.

A By this time, SDI was really going. You know, the initial part--you know--the January 30th had to do with the contra issue, and, you know, now by the time we're into April the vote's coming up, and that is now not as important as the SDI program, as the Constitutional Minutes, and, you know, they were beginning to start focusing on other projects that they wanted to get instituted. Not only those. The Reagan Library.

They had--I can give you ten more, other projects, totally unrelated to this, that were now all ongoing, and now we're into the area of bigger--of much bigger "wish lists" of things that were to be accomplished, or what they would like to accomplish.

And so the activity was increasing, and we also had, at the same time, you know, discussions about formulating this association, I'll call it.

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Q But at that time, in April of 1986, again, there was no attempt to reduce the agreement, at that point, to writing?

A No. It was all--you know--it was leading up to that, and that was one of the things that Marty was helping on.

Q Was it your understanding that the two advances of $50,000 that had taken place up to that time were that, were advances from the back end of the two-year term?

A Yes.

Q Was there any discussion, at that point, in April of 1986, at or about the same time that you were discussing the second $50,000 advance--was there any discussions of setting up meetings with the President for contributors? I'm not linking them in any cause and effect relationship.

A In fact do that all over again because I was daydreaming for a second.

Q At that time, in April of 1986, were you also discussing with Mr. Miller and Mr. Channell, and Mr. Conrad, setting up meetings with the President for contributors?

A Oh, they had already taken place. It was an ongoing process.

Q And there were still some to take place, is that fair to say?

A Yes.

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Q Did anyone ever express any linkage between the April payment and any future meetings with the President?

A No. I don't ever recall that kind of discussion, no.

Q How about any past meetings with the President?

A No.

Q Did you conduct those negotiations yourself, or was that, again, Mr. Artiano?

A No. On that acceleration?

Q Yes.

A No. I believe, on that one, I asked Rich. By this time Rich and I had started to establish a working relationship. Prior to this--you know--in January, I didn't really know him very well, my contact had been very infrequent, and by the time April came along, we had a pretty good working relationship, and had been through a lot of different meetings and that, at that point.

Q Am I correct to assume that, when we talk about $20,000 a month, or these accelerations of $50,000, these were all being divided, 50/50, between you and Mr. Artiano?

A Yes. And let me just throw another complicating factor into this thing, and another reason that we started these discussions on a permanent relationship.

Throughout this time there were--Spitz Channell would take me aside after a meeting--and I can't give you the timeframe--but it was early on, in which he made an offer for me to join his business, and offered a lot of money on different occasions.

And the idea was, let's pull away from IBC--you know--we'll set you up here, and you'll be working with us and for us, but only on our projects. And those, the first amount he offered was $40,000 a month, and then it became--you know--anyway that goes on later, on discussions I had with him. But this was going on in the same time period.

In other words, Channell was very interested in having me affiliate with him, and wanted to deal with me directly, rather than dealing with me through Rich Miller, and, frankly, just wanted to have, you know, a certain amount of time devoted directly to his organizations.

Q Again, leading up to June of 1986, were there any other changes or accelerations, or restructuring of the relationship, other than the ones we've referred to?

A Some time in that time frame, there was the discussions with Artiano and Rich about forming this permanent relationship with IBC. We were talking specifics, and how the thing was to occur. One of the points that was being discussed was a real point of interest to both the IBC side, and mine, was that what clients go into the association.

Do we take our existing and put them into the pot, or is it just new clients that we bring in? Does that become the basis upon which we form this association, in which we have the fee-splitting arrangement that is in the contract?

And at the same time this is going on, I have gotten to know Channell a little bit better, and he has already made several attempts to get me to come and join them. And I learned a little bit more about how he operated in that you could fall in and out of grace with him fairly easily.

You know, if he was not pleased with the work product, one day you may find yourself on retainer and the next month you may not. And I knew that he and IBC had had a long-term relationship, but there was some concern about what was going to happen after the vote, and if the contra thing passed, and they were no longer needed on this issue. Exactly, of all the different consultants that Channell had, who was he going to keep, and who was he going to use?

We came down on, in the negotiations among the group on how to form this association with Fischer and IBC, with the decision that clients that you had ahead of time, prior to signing, were your clients, and anything that came on board, once the association was formed, or anything that you had that you wanted to put into the group because you could no longer do it by yourself and you needed the assistance--that, you know, those that are separate stay separate, the new ones go into the pot.

And so in this context, Channell--and I did have--I think there were several discussions. I remember several times when he offered me, earlier on--come on board, and we'll offer you this. But he wanted me to disassociate from IBC, and completely be--I could still do other things, but on any of this kind of activity, be directly linked with his organization.

I told Rich about that, and Rich knew what was going on, and what we eventually agreed on--his relationship with Channell--he, meaning Rich Miller--that was to stay separate. He and Gomez, they were going to continue doing that.

And what I ended up doing was--and this, again, was something Rich and I talked about, and we basically orchestrated it. I formed a separate agreement with Channell, still working through IBC. The reporting relationship, and all of that, maintained the same.

And he again offered the large amount, went down to--he then offered 30,000 a month, and I said no. And I am the one that named the figure twenty. And 20,000 a month, that would be from the Channell organization, through IBC, and then IBC to Fischer. And that was something that--I wanted to be very careful because I met all of these people through Rich Miller, that was his primary client, and we structured something that was perfectly acceptable to him, and still protected his client--he still had them--and then I had that separate arrangement.

Q Now was this money to be split with Mr. Artiano?

A Well, no. Once that got formalized, and, that was somewhere from--you know--I would say from around April time, you know, into June, when we eventually signed the agreement.

My separate arrangement with Channell was going to be just that. It was separate. I was then--you know--we thought we'd be moving here, to Washington, a lot sooner. And so that was going to become a permanent working relationship at IBC.

And Marty, at this time, was negotiating with Rich on some other matters, and which did not concern me. He had some kind of other arrangement with Rich. And so once Channell and I agreed to that--and it was just an informal arrangement. Again, there was no contract. Once that got going, then those monies that went into IBC were earmarked strictly for me, and that money was mine and I did not write checks to anyone out of that.

Q So coming to the end--and I'm just trying to reconstruct this--coming to the end of that period, you had your agreement with IBC, unwritten, for $20,000 a month over two years, and you were receiving, in theory at least, you were receiving $20,000 a month under that agreement, which you would split 50/50 with Mr. Artiano, is that correct?

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A Yes.

Q That's one element.

A Yes.

Q You also received two accelerated payments of $50,000, one near the end of January 19867 and one in or about April of 1986?

A Yes. I got 25,000 on the first but I got the entire 50 on the April payment.

Q So the January acceleration of $50,000 was split 50/50 with Mr. Artiano?

A Correct.

Q The April acceleration was not?

A Correct.

Q But that was an acceleration of--

A My agreement, or our agreement with IBC.

Q But you didn't accelerate Mr. Artiano's portion of that agreement?

A I asked Rich to do that for me because I needed--you know--for the reasons I've explained. That had nothing to do with Marty. Now what Marty did on his acceleration, I don't know. He may have; he may not have.

Q Well, did you understand that $50,000 to be deducted from the back end of your 24-month contract, without regard to Mr. Artiano's share of that $50,000? I mean, were they taking just your half of the--

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A No, I considered that to be--you know--fulfilling an obligation to me. If it had been part of Artiano, I would suppose that I would have written a check to him for half of it.

Q Was Mr. Miller aware of your 50/50 split with Mr. Artiano?

A Again, I didn't discuss money with Rich, but I would assume that Marty probably told him about it. I think later on, you know, when we had subsequent discussions about things we may have talked about it. I'm sure that Marty fully discussed it with him, probably right up front. He had to know. He was writing the checks.

Q At any rate, the $50,000, in April was not--there was no written agreement. You kept 100 percent of that $50,000?

A Yes.

Q There was then, a side deal that you had with Mr. Channell, again unwritten, is that right?

A Unwritten.

Q For $20,000 per month, which was billed through IBC?

A Correct.

Q And transferred directly from IBC to you?

A Yes.

Q And, again, Mr. Artiano did not share in those proceeds?

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A In that he did not, no.

Q Up until the time where you set up a joint venture with IBC, did you receive any other funds from IBC, or from any of Mr. Channell's organizations?

A No. I don't believe at all. Looking at my records we never--not we--my wife and I. David C. Fischer and Associates, in any relationship with the Channell organizations, never took any money directly from any of Channell's organizations.

There were--because I saw one of them flashed on a TV screen one time--supposedly some checks were written from one of their organizations directly to me for a monthly retainer, and it was sent over to IBC. IBC sent it right back and said, you know, this is--you know--it's made out incorrectly, make it out to IBC, and then--you know--and then we pay Fischer.

The reason for that, it was Rich Miller's client, originally, and I wanted everything to go through him, and that's the way he wanted it, and it's certainly the way that I wanted it.

Q I understand that, but my question really is an attempt to close the set on the income streams, if I can, prior to your entering into a joint venture. We've identified what I've called the three streams, which are the original agreement with IBC, two accelerations of $50,000, and the side agreement with Mr. Channell.

A Right.

Q Other than those three streams, in the amounts we've discussed, did you receive any additional income from IBC or from Mr. Channell?

A I believe that is--that was all of the accelerations.

[Briefly off the record]

MR. McGOUGH: Go back on the record.

THE WITNESS: We discussed other client matters with IBC. I mean, he had other clients going on, and I was consulted about those, but I'm going to have to say that the compensation at this point was for the--was for his client, Channell. But I did participate--and specifically what they were I can't tell you--but he had other clients going at the time, and I would be asked, occasionally, you know, for input on some of those.

BY MR. McGOUGH:

Q Would you be paid?

A But I would not say that I would be paid for those. He may have considered it part of but my--we started working, officially, on other clients, after we formed that association, but I did assist him on other matters. But I would call that more on an unofficial, kind of an ad-hoc basis.

Q Let's go to the formation of the joint venture.

When was that?

A I believe the date is like the first week of July of '86.

Q And I believe Mr. Fryman's going to ask you some questions about that. Why don't we mark them as exhibits, since we're here. Mark them 7 and 8.

[Documents were marked for identification as Fischer Deposition Exhibits Nos. 7 and 8]

BY MR. McGOUGH:

Q Why don't you take a look, Mr. Fischer, if you would, at Exhibits 7 and 8.

T6

A Do you want me to sit and read this?

Q No, no. Do you recognize them?

A I've seen this a long time ago, yes.

Q Is this the proposal for a joint venture, and then, ultimately, the joint venture agreement?

A Yes. It's got my signature on this one.

Q The joint venture agreement itself is Exhibit 7, is that correct?

A Correct.

Q And it's by letter dated July 7th?

A July 7th and signed by Fischer and Miller. And then there's a separate page that's signed by Artiano.

Q Is that agreement still in place between yourself and IBC?

A Yes.

Q And have you continued to receive compensation under that agreement from IBC?

A Oh, when was the last? I think there hasn't been--

Q Let me back up. Through what date did you receive compensation?

A February.

Q Of 1987?

A Yes. I think that's probably about right. And maybe there would have been later. I have to--you know--again, you've got the checks. I think that was the last one, February. It may have been March.

Q Did this agreement also supercede your agreement with Mr. Channell? The separate, the side agreement?

A Supercede? No.

Q So did you continue to receive $20,000 a month from Mr. Channell?

A Correct. Through IBC, and that continued until--I think the last time was January of '87, I believe was the last payment, and those were consistently--you know--twenty, twenty.

Q This agreement did, however, substitute for the original $20,000 per month agreement you had with IBC dating back to December of '85?

A I don't know if it superceded or was included. I don't ever remember that even being discussed.

Q But you didn't expect to continue to receive $20,000 from IBC as a monthly retainer?

A For--no, I was getting $20,000 a month from the Channell organization.

Q From Mr. Channell, but originally, that was in addition to the $20,000 a month retainer that you were splitting with Mr. Artiano?

A Yes. I wasn't--you know--I wasn't getting from both sources.

Q Wait a second. Now I'm confused.

A In other words, are you saying did I get 20 from one and 20 from another?

Q Let's go back to the pre-joint venture period, because I was under the impression that you were continuing to receive $20,000 from IBC, which you split 10 and 10 with Mr. Artiano, and, in addition to that, received an additional $20,000 per month.

A No. I think if you'll see the--if the bank statements all--you know--there was $20,000 a month to Fischer, and that $20,000 was--for lack of a better word, I'll call it a pass-through. It was Channell organization to IBC, 20 to 20 to IBC, 20 right out IBC to David C. Fischer and Associates.

Q And that was in lieu of the original retainer that you had--the agreement that you had with Mr. Miller, originally, for $20,000 a month?

A I don't know if I want to even call it in lieu of, because I've got to tell you, when that took place, that was the deal that was struck with Channell, and I don't know if it supplanted or what. I don't know how to answer this because it was not something that was discussed. Rich knew the negotiations were going on with Channell for that separate deal, and he said it was okay with him, and that's what we did, and that became, you know, the compensation.

Q And then you did not receive additional compensation from IBC?

A Not until after the agreement was signed, and we started doing other things, and other clients, and all along, the 20,000 continued from Channell.

Q Was that the deal where Mr. Channell offered you, originally, a greater amount, $30,000 a month?

A Channell originally offered me more than that. First it was forty, and, a lot of times these were informal discussions. After a meeting he'd say, look, you know, if you'd ever be interested we'd really like to have you come over here. I know you haven't decided on what you're going to do in the future, but we'd like to make you an offer and like to have you come in an office with us.

And at one time there was a more formal thing, where we sat down and actually cut the deal that I'm talking about, but it was after I had discussions with Rich to let him know what was going on, that there was an attempt to get me to disassociate from him and go to work for Channell. I'll just stop there. I'm rambling.

Q I'm a little bit confused. Let me see if I can explain my confusion, and then you can help me.

In January of '86, you and Mr. Artiano essentially concluded that you were working too hard for the money that you were being paid?

A Well, I didn't say too hard. I just said the workload increased.

Q Had increased beyond what you'd originally anticipated, and therefore you requested a $50,000 acceleration. Is that correct?

A And there was a concern that maybe this was not going to be a real permanent client. I mean, based on experience primarily that he'd had in Washington.

Q And in April, when a lot of these programs, as you said, were starting to really take off--SDI and that sort of thing--you again requested a $50,000 acceleration, in part because you needed to pay the note, but also, because the work had grown larger.

A It was primarily because we had that large payment to make, and there was a cutoff of that permanent relationship with Huntsman at that time. So that was the reason for the acceleration, and I explained that to Rich. I said I've got this obligation to meet.

Q All right. At or about that same time, you negotiated with Mr. Channell to substitute a direct agreement to him for the original agreement that you had with Mr. Miller for $20,000 a month?

A No. This had nothing to do with the relationship with--Rich Miller made an agreement with Artiano and Fischer for a long-term relationship.

Q Right.

A That's one thing. The subsequent discussions with Channell didn't substitute, didn't take the place of. It was just discussion that Channell and I had, and that I kept Miller appraised of.

Q Am I the only one that's confused in here, because here's what we've got in, say, May of '86. Let's take May of '86.

Under your agreement with Miller, you're entitled to get $20,000 a month, which you split with Artiano 50/50?

A Correct.

Q All right. Now you have a separate agreement with Mr. Channell. Now either you are negotiating over that same

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$20,000 or you're getting an additional $20,000. And what I don't understand is whether you, in May of '86, expected to get $20,000 from Mr. Miller, and $20,000 from Mr. Channell through Mr. Miller, for a total of 40,000, or whether all you were looking to get through Mr. Miller was $20,000?

A At that point, all I got from Miller was twenty a month, period.

Q Right.

A That's all that I received.

Q And were you expecting the $20,000 you were getting from Mr. Channell to be in addition to that?

A I'm really missing the boat here. It was Channell. At this point it was Channell's money.

MR. McGOUGH: Let's go off the record.

[Discussion off the record]

MR. McGOUGH: Let's go back on the record and see if we can reconstruct some of what was said.

BY MR. McGOUGH:

Q As Mr. Fryman pointed out, there was a period of time at the beginning of the relationship, when you and Mr. Artiano were collecting a total of $20,000 from IBC, and it was split 10 and 10?

A Correct.

Q There then came a period of time, in April or May of 1986, when you entered into a side arrangement with Mr.

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Channell, and you began to receive $20,000 from IBC, which had as its source Mr. Channell. He would pay IBC twenty, and you would collect twenty?

A Yes.

Q Mr. Artiano, nevertheless, as you understood it, still collected his $10,000 from IBC?

A Yes.

Q And up until the time of the joint venture agreement, that was the state of your income stream, other than the two accelerations that we've discussed, your income stream from IBC?

A I believe that's correct, yes.

Q Okay. All right. I'm going to change the focus a little bit.

A You know, I guess--is what you're asking here was Miller still paying on his--you know--honoring his obligation here, and then were we operating under the side thing at the same time and collecting from both? Is that what you're asking?

Q Well, I was very confused. When you talked about making this separate deal with Mr. Channell, I initially inferred that you were doing that in addition to your original agreement with Mr. Miller.

A I see. All right.

Q And that you were collecting 20,000 from Miller,

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plus 20,000 from Channell, through Miller, for a total of $40,000, of which 10,000 went to Mr. Artiano. As I understand it now, that was my mistake.

What you were really saying was that you were collecting a total of $20,000 from IBC in this, after you--

A That was paid for by Channell.

Q That was paid for by Channell. And that Mr. Artiano then had a separate deal with Mr. Miller to collect his ten, or something.

MR. McGOUGH: Let me go off the record for one second.

[Discussion off the record]

MR. McGOUGH: Back on the record.

BY MR. McGOUGH:

Q During the period of time since you left the White House, did you make any payments of money, or gifts, or other things of value--and let's put a value of, say, over $100--to any of these people. I mean, I'll give you just a list of people.

A Since leaving the White House?

Q Since leaving the White House.

A Okay.

Q Elliott Abrams?

A No.

Q Attorney General Meese?

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A No.

Q Charles Wick?

A No.

Q William Casey?

A No.

Q Frank Fahrenkopf?

A No.

Q Oliver North?

A No.

Q Donald Regan?

A No.

Q To your knowledge, were any payments made, or gifts, again of that value, made to any of those people on your behalf?

A No, not to my knowledge, at all.

Q Do you know Ron Paccini?

A Yes.

Q And who's he?

A He's a boyhood friend of Artiano. They grew up together in New York.

Q How long have you known him?

A I met him probably in 1986. I don't think before that I may have. He stayed at Marty's house, occasionally.

Q On how man/y occasions have you seen him?

A Have I been with him?

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Q Yes.

A Half a dozen times; maybe a dozen. And sometimes being with him, maybe he was staying at the house when I was there, or I would come by and he was there, and we would say hello and that was about it. So, let me put it up to a dozen possible encounters, all the way from bumping into him to having dinner with him.

Q Did you ever have any kind of professional or financial dealings with Ron Paccini?

A Yes.

Q And on what basis?

A A client. A client that was with Artiano, two guys in the law firm, and Paccini.

Q And what were those dealings?

A It was a business client. It had no dealings with the Government. It was strictly a business--it was a business client.

Q And what was the--

A And I'd be more than happy to tell you. It's just that I don't think I have to talk about personal clients, but--

Q Well, let's see how far we have to go to describe the contours of what we're talking about.

A But let me describe the client. It's the kind of client who dealt in--it was a client that dealt in goods, and

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they had some needs to meet people in related businesses, if this makes--anyway, it was a straight business deal, and it was non-related to public relations, it was non-related to, or had nothing to do with the Federal Government.

[Recess and brief discussion off the record]

MR. McGOUGH: Back on the record.

BY MR. McGOUGH:

Q Mr. Fischer, we've been discussing a business deal in which you participated with Mr. Paccini, some time--I believe you said in 1986, is that right?

A I believe it was '86, yes.

Q What we'd like are some of the details of that deal, particularly who the client was, who the partners in the deal were, what the purpose of the deal, or what you were trying to accomplish, and your estimate as to the amount of money that changed hands as a result of that.

A Okay. The client was a company called C.O.M.B. And it's all capital letters. C, period, O, period, M, period, B, period. I don't know what it stands for.

I believe the client was referred to this group, or introduced by Ron Paccini, who discussed it with Marty. It led to a meeting with the client in the law firm. At that meeting were at least Artiano and I, and probably at least one other person from the law firm. I just can't recall.

But the participants, you know, the team that was

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assembled to handle this client, and who participated, financially--Fischer, Paccini, Artiano, Steve Mauheim, Bob Davis.

Q And the purpose of the arrangement, or your services was, in general terms, what?

A The client was specifically looking for assistance in obtaining liaison contacts with U.S. corporations, and actually, I believe, maybe even some foreign, in order to purchase consumer goods.

Q Did the proposed services have anything to do with the United States Government?

A Not at all.

Q Did they involve any of your prior contacts at the White House?

A I don't believe I contacted anybody at the White House for any of this.

Q How about any former employees of the White House?

A I don't believe so.

Q And to the best of your recollection what--

A Now wait a minute. I just thought of--Muffy Brandon who ended up running Rogers and Cowan--I think was the public relations firm. Muffy Brandon used to be the social secretary at the White House and I did have a couple of conversations with her about C.O.M.B., and it had to do with one of the companies, and I don't know why I thought to call her, but she did assist with--Muffy was running Rogers and Cowan at the time. I believe that's the only person--

Q Rogers and Cowan is what?

A A public relations firm based out of Los Angeles. And I believe that was the only person, a former associate, that I ever contacted.

Q Now can you give us your estimate as to what the total amount of the fees received were?

A I believe the retainer was 10,000 a month fora period of three months to maybe six months, but no longer than six months.

Q And was that divided among the participants that you described?

A It was divided among the participants, yes.

Q Mr. Fischer, at what banks do you maintain accounts?

A You're asking the wrong person here.

Q Savings or checking.

A My wife does that. Right, at present?

Q At present.

A I think everything is United Virginia Bank.

Q Do you have any accounts at any banks in the District of Columbia area, other than that?

A No, none.

Q When you were in Utah, with whom did you bank?

A Let's see. There was a local bank in Farmington, Davis County Bank, and a big chain in the West. Let me think for a second. First Interstate Bank.

Q Other than United Virginia, Davis County, and First Interstate, in the past four years, have you held accounts to the best of your recollection, deposit accounts--

A Best of my recollection were only those two banks in Utah, and the ones we just opened this year in Virginia with the United--I think it's called United Virginia Bank.

Q We received from your attorney by letter dated August 4th, copies of your check registers, and I'm not going to go through them. Mr. Fryman and Mr. Oliver may want to ask you some more questions.

I only had one question and that related to a check to First Interstate Bank for $20,000, Check Number 597, and it's undated in the check register.

Can you tell me what that--

A Do you know what the date is on this?

Q No, it's not reflected in the check register.

A I'd have to ask my wife, but I have a feeling that's that payment I was telling you about.

Q When you say the "payment you were telling us about," you mean the one that sparked your request for an acceleration of your fee?

A Yes. Again, I could ask my wife and she would probably know the answer to that, but I believe that's what it was.

Q Mr. Fischer, have you been immunized by the Independent Counsel?

A Yes.

Q And what kind of immunity have you been granted?

MR. McGOUGH: Maybe that's better addressed to you. I was just interested in his actual status vis-a-vis the IC.

MR. WORK: Well, you can probably tell me better than I can tell you, what kind of immunity we have. We have something I think they call down there desk immunity.

MR. McGOUGH: Can you be a little more specific.

MR. WORK: I can. I'll show you the letter. Do you want to see it?

MR. McGOUGH: Yes, if you have it.

[Discussion off the record]

MR. McGOUGH: After discussion of the record, counsel for Mr. Fischer has agreed to check with the Independent Counsel, and if they have no objection, providing a copy to both the House and the Senate Committee of the letter granting immunity, or describing whatever it is that they did.

The record can reflect here, I think, that Mr. Fischer is testifying without immunity from either Committee, having not requested any immunity prior to testifying here today.

MR. BENSON: Tom, may I interject, just make a comment here. I think that inasmuch as we've raised the issue of immunity, this record ought to be clear that Mr. Fischer didn't seek immunity from the Independent Counsel. It was offered to him, and through advice of counsel, he accepted the offer.

MR. McGOUGH: No objection to that being reflected.

MR. WORK: I have no objection. I think what was put on there is just fine.

MR. McGOUGH: All right.

MR. WORK: Now I might add, and I think it's important, that it was a difficult decision for Mr. Fischer to accept it because of some of the negative connotation that sometimes goes along with accepting immunity, and finally, he did decide to go forward. The description of that decision-making process was more adequately set forth in Phil Sheehan's "New York Times" article not too long ago.

BY MR. McGOUGH:

Q Finally, Mr. Fischer, just to return to something we talked about very early, there was one episode that your counsel alluded to, where you felt you may have received legal advice from Mr. Fischer or his firm.

A You mean Artiano.

Q Mr. Artiano or his firm. Excuse me.

A Yes.

Q And I believe counsel said that you didn't feel that it was necessary to invoke privilege on that. Have we discussed it already? Has it been one of the items we've brought up already?

Do you have any objection to telling us--

MR. WORK: I will just tell you, he did discuss with him, although there was no formal rendering of legal advice. Further, the advice that he received from the White House Counsel's Office when he left, about whether or not any revolving door prohibitions applied to him about doing any of this work, and Artiano's firm advised him that the White House Counsel was right, and the revolving-door provisions do apply to him.

MR. McGOUGH: Is that a correct statement?

THE WITNESS: Correct. Yes. That's correct.

MR. McGOUGH: That's all I have, and I'll turn the floor over to Tom Fryman.

EXAMINATION BY COUNSEL FOR THE
HOUSE SELECT COMMITTEE

BY MR. FRYMAN:

Q Mr. Fischer, I want to return, for a few minutes, to the original understanding that you and Mr. Artiano reached with Rich Miller and IBC, which I believe you said was reached in December of 1985. Is that correct?

A I believe that's correct, yes.

Q And at that point, there was no written understand-

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ing. This was an oral understanding?

A Correct.

Q And the understanding provided for payment of a monthly retainer of $20,000, is that correct?

A Yes.

Q And that was to be divided between you and Mr. Artiano, equally, is that correct?

A Yes.

Q And that was to run for a period of two years, is that correct?

A Yes.

Q So the period of the understanding would extend from December of 1985 through November of 1987, is that correct?

A Yes.

Q Now you also testified that beginning as early as January or February of 1986, it developed that you were devoting much more time to this arrangement with IBC than you had anticipated when you had entered into this understanding in December, is that correct?

A Yes.

Q And as a result of this additional time commitment, Mr. Artiano asked that there be an acceleration of payments under the agreement, is that correct?

A Correct.

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Q Now was your understanding of the acceleration, that that meant, or that the time for completion of your services under this understanding, would end prior to November 1987?

A I don't believe that was ever discussed.

Q Well, what did you understanding? If you're devoting more time than you had expected to devote, and if the payments were being accelerated, didn't that mean that your services would end earlier? Otherwise, what is the purpose of the acceleration?

A I'll be very honest with you. I don't believe that was ever discussed. You know, we were basically, you know, going month to month with this relationship, until I formalized an agreement with IBC, that then became a formal document, and ended up with an office, and all of the things that--you know--the things that you do to go into business with somebody.

Q Well, as of January or February 1986, at least one month's retainer at the end of the contract had in effect been paid to you. Now did you expect to be working in November of 1987 for no payment?

A I don't believe that was ever discussed. I don't believe I ever thought about it. I just--you know--as I've said before, very early on we started talking about the possibility of forming a permanent relationship, and that's eventually what happened, and beyond that--I don't know how else to answer that question.

Q The monthly payments under the understanding were $20,000 you've testified?

A Correct.

Q Now the accelerated payment in early 1986 was $50,000, is that correct?

A Correct, and split.

Q Now is there any reason that the accelerated payment was not a multiple of $20,000, i.e., that it was 40,000 or $60,000?

A No. I don't know how that was arrived at. I know what Mary asked for, and that's what was paid.

Q You had other discussions yourself, you've testified, in April, about an acceleration just to you?

A Correct.

Q And that was an acceleration of $50,000?

A Correct.

Q Now was it your understanding that that was five payments of your $10,000 a month, which was your half of the agreement?

A Yes. It was an acceleration of the monies that were coming to me. Yes.

Q And Mr. Artiano would continue to receive his half of the payment at the times the services were to be performed?

A Or if he--you know--he may have asked for acceleration. I don't know exactly how he handled his relationship but he was going to continue to receive his money.

Q So under that acceleration, at the time you discussed it with Mr. Miller, you were expecting to continue to perform services until November of 1987?

A Again, I don't ever remember talking about that. Eventually, we formalized the relationship. Now what happened when I asked for the acceleration--did we ever sit down and say now you understand that we have to go until November of '87? I don't believe that ever happened.

Q Well, you have used the phrase "acceleration" and that's what I'm trying to understand. I mean, were you really talking about acceleration of payments, but that you would continue to perform services for the same period of time, covered under the original understanding, with the effect that for a period of 5 or 6, or 7 months, at the end of that period, you would not receive any payments because you'd already been given accelerated payments?

t7 Was that your understanding by an acceleration?

A That I continue to work for nothing?

Q Yes, because you'd already been paid the money, and at the time you were then to perform the services in 1987, you would not be receiving any monthly payments as you performed the services?

A I don't know that that is how I would characterize it, because, again, all of the discussions were going on at the time about forming a permanent relationship with IBC in which we would have a specific financial arrangement on new clients.

At the same time, I was talking to Channell about a separate arrangement. So I don't think that ever even entered my mind. I mean, the thing was changing so much all of the time. You know, what turned--you know--what started out, it was A, evolved into B, into C, into D.

Q So at the time you and Mr. Artiano were talking with Mr. Miller about acceleration of payments, you did not contemplate performing services at the latter period of the understanding without receiving monthly payments?

A You're going to have to phrase that. I'm lost right now.

Q At the time that you and Mr. Artiano talked to Mr. Miller about accelerating payments under this 2-year agreement, so that you received more per month than your $10,000 contemplated under the understanding, it was not your expectation that toward the latter part of the period covered by the understanding, i.e., late 1987, you would continue to perform services without receiving a monthly check from IBC?

A At the time of the discussions on acceleration, I think I envisioned a permanent relationship with IBC that

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would involve a lot of different clients and a lot of different activities. And so I wouldn't have--this was never discussed, but I would not be working for no compensation. We would be working on different client matters at that time.

At that time I would be operating as a partner of sorts, in an association with IBC.

Q So while you've used the word "acceleration" of payments under this understanding, you were really not talking about an acceleration, were you?

A I think we were talking about an acceleration, yes.

Q Well, you've just said--let me withdraw that.

A In other words, an obligation, you know, was made for a 2-year period, and, you know, that was the inducement to come on board with IBC, to the exclusion of other people who were talking to me. And that was the commitment that was made.

And then, very quickly, negotiations and discussions were being held to form a permanent relationship that in fact did take place, and terms of which were very favorable to me, and guaranteed an income stream for as long as we maintained our association.

So, you know, there were a couple of things going on at one time. There was not just this--you know--initially, that's what was agreed to, with the expectation of, who knows whether this is going to go on?

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And that was always the fear. That was Marty's fear, particularly, and, you know, after I learned a little bit more about how Washington works, and how clients can become fickle, and with you today and not with you tomorrow, there was that reasoning given for that initial advancement, or acceleration. And then the one I personally made, for a more personal reason, in April.

So, you know, that's what was going on in our minds at the time, and why those were asked for.

Q Well, Mr. Fischer, if you were not expecting to perform services for the full two years, as you had agreed to in December of 1985, how can you characterize the payments in January and April as accelerations of amounts due to you under that agreement?

A Because we didn't know exactly what the future was going to hold. I mean it was anticipated when we had the discussions that it was going to be a long-term relationship, because that's what was asked for and that's what was agreed to.

And as I said, and ongoing with that very soon became discussions about a permanent relationship, and I don't know how else to answer this.

Q Well, the 2-year relationship that you negotiated in December was a long-term relationship, was it not?

A Correct. That Marty negotiated, and I agreed to.

Yes, it was a long-term commitment.

Q I mean, that was one of your original objectives, that you discussed with him?

A Yes. That I didn't want to take on this client, IBC, to the exclusion of other companies that wanted to talk to me, without some guarantee--in other words, you don't shut other things down without a more permanent relationship, and that's what I told Marty that I wanted, and that's what he went after.

Q And then you very suddenly found that you were spending more time on this client than you had expected, in December of 1985?

A Correct.

Q So you asked for additional money?

A We asked for an acceleration, yes.

Q But my question is directed to whether it was really an acceleration, or whether it was a renegotiation of the monthly amount that you were being paid for the additional time that you were putting in?

A I can only tell you that when discussions were had, the few times I talked to Rich about acceleration, it was always in terms of acceleration, and that was fine with him. He didn't care when the money was paid.

Q All right. But it was not your expectation that you would work any period at the end of the contract where you did not continue to receive a monthly payment from IBC?

A Like I said, what I anticipated out of this relationship was something that became permanent, and it did become permanent, and in that was a complete formula, as you have seen, that describes how that new entity was going to operate financially, and what the splits were among the principals.

And so, you know, what I envisioned came true. We ended up forming something that was permanent, and that came about in July.

Q But that had not been agreed upon in January or February?

A No, it had not. No, it had not. It was being discussed right from the beginning, but had never been formalized.

Q But in January or February you got the extra $25,000, is that correct?

A Correct.

Q And there'd been no new agreement reached at that point?

A No. No new agreement.

Q And at the time that got the extra $25,000, it was not your expectation that you were going to continue to perform services in October and November in 1987, without getting your monthly check from IBC?

MR. WORK: He's answered that several different times.

THE WITNESS: I feel like I'm beating a dead horse here. I never thought about, you know, November of '87, or sat down and said, well, if we do this, that means I've got to work this many months without any income. That was never discussed. I don't think I ever thought about it.

I knew that we were heading very quickly towards a permanent relationship that would almost be a partnership, and that IBC was going to be my home.

BY MR. FRYMAN:

Q Who came up with the word "acceleration"? Was that your word or was that Artiano's word?

A I have no idea. I just know that it was a word that was used.

Q Well, do you know if you came up with it?

A I don't know that I did, or Marty did.

Q So far as your recollection is concerned, you may have come up with the word?

A I may have come up with it, yes.

Q All right.

A You know, I just--I mean, I don't know. That's a pretty common word, acceleration.

MR. FRYMAN: I ask the reporter to mark as Fischer Deposition Exhibit 9 for identification, a copy of the

Subpoena Duces Tecum dated June 18, 1987, directed to Mr. Fischer.

[A document was marked for identification as Fischer Deposition Exhibit No. 9]

BY MR. FRYMAN:

Q Mr. Fischer, I show you Exhibit 9, and would you examine that, and confirm that that is the subpoena that was served on you, or your counsel, or a copy of the subpoena.

A That looks right.

Q Now Mr. Work and Mr. Fischer, under this subpoena, certain documents are called for in the attached schedule. Passing subparagraph a. and b. for the moment, and focusing on subparagraph c.,d., and e., have all of the documents called for in those subparagraphs been produced?

MR. WORK: Yes. They have. Those were the documents you received last Friday.

MR. FRYMAN: With your letter dated August 7th.

MR. WORK: Right.

BY MR. FRYMAN:

Q Now directing your attention to subparagraph b., what tax returns have been produced?

A 1985, Federal and state, and there's nothing in '86 because they haven't been filed yet. Everything for '85 was provided, and, yeah, nothing for 1986.

Q And you've received an extension of time to file your 1986?

A Yes. They were waiting for some documents on a tax matter that never arrived.

Q Now directing your attention to subparagraph a., that is the subparagraph that calls for bank records, and Mr. Work, you and I have discussed production of materials under that subparagraph.

You were requested in the first instance to provide bank statements for all of the accounts over which you had any authority to withdraw funds during the period beginning July 1, 1985 to the present.

Bank statements have been transmitted to me by Mr. Work, by a letter dated July 7, 1987, and I just want to review these accounts with you, to just confirm on the record that these are all the accounts.

A First of all, let me tell you how our banking is done. My wife--

MR. WORK: Let's speed this up. Let's let him ask the questions.

THE WITNESS: Okay. Well, that's why I may not know everything about those accounts.

MR. WORK: We have already heard that.

BY MR. FRYMAN:

Q In this letter there is an account of David C.

Fischer and Associates at the First Interstate Bank of Utah, Account [redacted] identified.

A Yes.

Q That's the first account.

A Yes.

Q There's a second account of you and your wife at the Davis County Bank, which is Account [redacted] There is a third account at the Davis County Bank. That's Account [redacted]

Now are those all of the accounts that you had any control over during this period of time, prior to the opening of the accounts at the United Virginia Bank?

A Yes. I believe that's correct.

Q And I think you earlier answered, in response to Mr. McGough's question, that you did not have any account in the District of Columbia during that period of time?

A No. No accounts in D.C. at all.

Q Now is it correct, that after you moved to this area, you opened accounts at the United Virginia Bank?

A Correct.

Q And in Mr. Work's letter, there are four accounts listed at that bank. Is that your understanding, that you have four accounts?

A You know, I'll have to be honest. If he's got it down there, we do.

Q Let me just read for the record the numbers.

A Okay.

Q Account [redacted] Account [redacted] And Account [redacted] Now are those four accounts the remaining accounts that you have had any signatory control over during the period of time called for in the subpoena?

A Yes. I can't tell you what those accounts are, but--

MR. WORK: Let me just put on the record what he said before. His wife manages all these accounts to a much greater degree than he does. So I would have to say that I had to get all of this information from his wife as to what these accounts were, and what was--

THE WITNESS: She works with the accountant.

MR. WORK: And how they were run. So--

THE WITNESS: But I believe that's right. We do not deal with any other bank, other than that bank.

MR. FRYMAN: All right.

THE WITNESS: And all our Utah accounts are closed.

BY MR. FRYMAN:

Q Now prior to the deposition today, Mr. Fischer, I spoke with Mr. Work, and indicated that our accountants have reviewed the materials that you have, and in order to clarify our understanding of these materials, we have a number of questions about specific deposits or specific withdrawals.

I think a more efficient way to proceed, rather than to direct these questions to you orally today, without your possibly being familiar with all the documents, would be for me to send a letter, or letters, to Mr. Work, setting forth these questions and possibly calling for additional documentation under subparagraph a. of the subpoena.

It is my hope and expectation, that through an exchange of correspondence we can resolve all of these questions. In the event that there remain any ambiguities, I would reserve the right to reconvene the deposition, and in my discussion prior to commencement today, Mr. Work indicated that that arrangement was satisfactory to him, and to you.

Is that correct?

A Yes. That's correct.

[Pause]

MR. FRYMAN: I also indicated to Mr. Work, prior to the deposition, that the materials that accompanied his letter dated August 7 were not actually physically received by me until this morning, and I'm not saying that's Mr. Work's fault. It's just a matter of, within our office, I did not get them until this morning.

We have reviewed the materials during the morning, and I do not believe we will have any additional questions concerning those materials.

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However, because of the short period of time that we have had to review them, I would also reserve the right, in case we have additional questions, to pursue them at a later time.

MR. WORK: That's satisfactory to us.

MR. FRYMAN: With those understandings, I have no further questions at this time.

EXAMINATION BY COUNSEL FOR
THE HOUSE SELECT COMMITTEE

BY MR. OLIVER:

Q Mr. Fischer, you indicated earlier, that your first knowledge of Oliver North occurred when it was necessary for you to identify people who were going into meetings with the President.

A Yes.

Q When did you come to know Oliver North on a different basis?

A On a more first-name basis? About the time of this briefing, of the January 30th briefing.

Q January 30th, 1986?

A Correct.

Q Had you had any direct contact with him prior to that?

A No. I don't believe I ever did. The first time that I ever met with North, outside of my White House

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employment, was in conjunction with the January 30th briefing. That would be the first time.

Q In conjunction with the January 30th briefing?

A Yes, or the request for the January 30th briefing.

Q When would that have been?

A I've got to say probably January of '86.

Q Did you meet with him?

A Yes.

Q Where did that meeting take place?

A EOB, in his office. Executive Office Building at the White House.

Q Do you remember when that--

A It's in the calendar. Early January.

Q In your calendar?

A Yes.

Q Do you remember talking to him on the phone in early January about Spitz Channell?

A There may have been a phone conversation but I really--the only record I have is of meeting with him in his office, and then meetings following that, the Public Liaison office, about the January 30th briefing.

Q That's what you referred to in your earlier memorandum about having talked to McFarlane and North, and--

A The January 5th memo says that I met with--or conversations with Abrams, North, and McFarlane. I have a

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feeling that what happened is that Artiano may have talked to Elliott Abrams, because I really think the first time I talked to Elliott Abrams is when we had the lunch.

McFarlane, I remember, because it was in Utah, and he was out on a ski vacation, and we talked about this, among a lot of other subjects. And North, I don't remember the specific time, but I did meet with him about the briefing.

Q But if it was in your January 5th memo, would not it have had to have been before January 5th?

A I would assume that it could have been late December. I just don't recall.

Q Were you in Washington in late December?

A Early part of December, middle, and late, I think. I don't have an '85 calendar, but I was in town in '85, December of '85.

Q You said earlier that you joined Huntsman Chemical, I believe, in April of 1985, as a vice president?

A Correct. Yes.

Q And you were in charge of public affairs, and, later--

A Employee relations, and unions, and so forth.

Q And what caused you to want to leave that employment after such a short period of time?

A Let me--and I'll do this briefly. When I left the White House, I didn't do what everyone else does, and that's

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talk to executive search firms, and interview with ten companies. My wife had been--ever since we've been married, we've been with Reagan, and our lives centered completely around that. [redacted]

While all this was going on, John Huntsman, who is a very prominent individual from Utah, a very active Republican who served in the Nixon Administration, his son was at the White House in the Advance Office, and he and I had become friends. As a result of that, I met his father. His father was in Washington at the time serving as what they call a mission president, supervising the Mormon missionary effort in the Washington, D.C. area.

Q I'm not really interested in all of Mr. Huntsman's background. I don't object to your putting it on the record, but--

A But anyway, he and I got to become friends while he was here, and he just said, when you leave the White House I want to talk to you first. I had a conversation with him, he made an offer and I accepted it. That was the only person I talked to about employment, and I wanted to get back to Utah.

Huntsman provided the vehicle.

And then to answer your question about why did I leave. [redacted] I was very anxious to get back into politics again, and in Washington activities.

Q Let me get this straight. You went to Utah because [redacted]

A Right. And that was the employment opportunity that allowed us to do it.

Q I see.

A And so we went there. And also because I wanted out of Washington. I had suffered what we all do in government, burnout. So I went out there, and then, very soon, within a short period of time, realized I wanted to come back to Washington, and so started exploring opportunities to come back. [redacted] we probably would come back to Washington.

Q And when did [redacted]

A In July of last year.

Q July of 1986?

A 1986. Yes.

Q What caused you to come back in December of'85/

A What caused me to come back?

Q To Washington.

A I made frequent trips back to Washington.

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Q On behalf of Huntsman?

A On behalf of Huntsman, and on behalf of--the President had put me on a commission, and I came back on commission work.

Q Which commission was that?

A International Boundary Commission.

Q Did that require that you be confirmed by the Senate?

A No.

Q Were you compensated for that?

A It has a compensation pegged at about a GS-15, I think. When the commissioner before me took the full compensation, and what I decided to do was take compensation as I worked, and so, I think over the two-year period--I'd been in for almost two years, and I think the allocation for that position has been about 125,000, of which I've turned back to the Government 105,000 in two years.

Q You actually received the money and written checks back to the U.S. Treasury?

A Well, no, what I have to do is every year I have to write to the Comptroller of the State Department, and say in this fiscal year I have turned down this much money and I have to turn it back into our budget. And what I do is, I write a letter saying this is not to be used for other IBC business. It's to be for Boundary Commission business. It's

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to be turned back to the general revenue.

So it's up to me how I handle. I chose not to take the money. And so there were occasions when I was back either on Huntsman business, or I'd be back on Boundary Commission business.

Q What was Huntsman's business, that you did for them in Washington?

A Huntsman--oh, back in Washington?

Q Yes.

A Some political work. John keeps his fingers very actively in politics, keeping his contacts open.

Q Is that what you were paid to do?

A Was I paid to do?

Q Yes.

A No. My job was senior vice president in charge of public relations, public affairs, and for that it was keeping the Huntsman Chemical name, you know, in the forefront, promoting the company, promoting John personally, but a lot of it had to do with employee relations.

Q Did they have any interest in Washington, government contracts, legislation that affected the company in any way?

A He did have--he had one matter before the Justice Department, and it had to do with an acquisition or a merger that he was going through.

And I was asked by other senior officers if there was anything I could do to assist in expediting the matter before the Justice Department, and I said that it would be improper and that that thing had to fly on its own merit, that the merger would either be approved or not approved. Huntsman didn't make the request. Other people made the request if I could help. And I refused and did not do it. And the merger went through anyway.

And that was the only contact with the Federal Government that I was ever aware of with Huntsman Chemical.

Q So your trips back to Washington on behalf of Huntsman had nothing to do with legislation or the Executive Branch of Government?

A No, sir.

Q It was strictly political?

A Political and, in some, for John personally. I mean, you know, John, as I said before, was part of the Nixon Administration, had been very active in the Reagan campaigns, served as a Financial Chairman and State Chairman and so forth. And a lot of it was just keeping his name in the forefront. You know, he would be back here for meetings of Chamber of Commerce or whatever, and I'd be back here about the same time.

Q On these trips, were your expenses back and forth to Washington, your air fare and so on, paid for by Huntsman?

A Some of them were, yes.

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Q Were some of them paid for by someone else?

A Some of them were paid for by the Boundary Commission.

Q By the Boundary Commission?

A Yes, sir.

Q How many trips between April of 1985 and December of 1985 did you make to Washington?

A April of '85 --

Q When you moved to Utah, when you took this job. And then you came back.

A From April to when?

Q Till December of 1985, the balance of 1985.

A I can't estimate. Maybe on the average of once a month, I would say would be my best guess right now. Probably once a month.

Q But they were strictly for political and public relations or for the Boundary Commission?

A Yes.

Q How many trips did you make for the Boundary Commission? Did you attend the actual meetings of the Boundary Commission?

A Yes.

Q When do they meet, four times a year?

A No. The Boundary -- there's a couple of Boundary Commissions. This one meets really when the Commissioners

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want. We generally meet at least twice a year. And then there's a staff here in Washington and there's a staff in Canada.

So I would come back and meet with my staff. But, as far as official meetings with my counterparts in Canada, it was generally in the spring and the fall.

Q You were receiving full-time compensation from the Huntsman Chemical Company from April 1985 until when?

A April of '86.

Q April of '86. You were a full-time Vice President?

A Yes, sir.

Q When did you receive permission to receive outside income as a consultant? Did you receive permission? Did Mr. Huntsman know --

A Yes.

Q When did --

A Right from the beginning of the relationship, it was understood.

Q Did you have any other consulting income prior to the income you had from IBC, other than the Boundary Commission, any particular income?

A Other than the IBC and that relationship, I think that was all. There may have been a few things that Marty and I worked on in December of '85, but I don't know.

It was about December of '85 that it was agreed

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that we were going to go consulting; that Huntsman and I had a discussion in which we got basically four months here to put your business there, and then we are going to go consulting.

So, you know, there may have been something in '85, another thing. But my relationship with IBC started, I believe, in '85, December of '85, and that was the first check from that.

There may have even been another client matter with Artiano unrelated to this. I just can't --

Q But you can't remember. You had this agreement with Huntsman right from the beginning that you could do consulting?

A Yes.

Q But you can't remember whether or not you did any during that period of time?

A I don't think there was any consulting.

Q So the first then would have been IBC?

A I believe that's correct, yes.

Q When did Marty Artiano suggest to you that you might want to consider consulting with IBC?

A I believe it was December of 1985. That's my best recollection. It could have been earlier, but I don't think so. I believe it was December of '85.

Q Was it in a meeting or a phone call?

A It could have been either one. Marty and I, you know, we have been constant contact, even when I was in the White House.

I mean there's so many conversations, it's hard to, you know -- he's not a guy that I heard from once a year. We talked all the time.

Q Was there a conversation in November of 1985 between you and Mr. Artiano in which he discussed this matter and suggested you come back to Washington, or when you were in Washington that you meet with Rich Miller?

A In '85, in November?

Q November of '85.

A I believe it was December. It may have been November, but I believe it was December. I just don't have the time frame.

Q The phone call?

A Phone call, or it could have been a meeting.

Q When you came back to Washington in December of 1985, it was the beginning of December, is that correct?

A It could have been the beginning, it could have been the middle. I was definitely here in December of '85.

Q Do you keep a calendar?

A I do. I have the complete '86 calendar. I don't have the '85. And the '86 you have.

Q What happened to your 1985 calendar?

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A Probably in the moving it got lost. I just don't have it.

Q And when did you move?

A March of this year.

Q March of this year. Do you remember a meeting on December the 5th, 1985, at which you, Marty Artiano, Rich Miller, Frank Gomez, Spitz Channell and Dan Conrad were present?

A I don't have a specific recollection of that, no. But, you know, I've already acknowledged I met with all of those people on frequent occasions.

Q Do you remember meeting with those people together in early December of 1985?

A Sometime in December of 1985. That's probably when we got together. I mean it certainly happened before I went to see Don Regan on January 2nd. So, you know, it had to be at least in December.

Q In that meeting, do you recall Mr. Artiano having a discussion on compensation with Mr. Miller and Mr. Channell and Conrad with all of you present?

A I don't recall that, no.

Q Could it have happened?

A It could have happened. But my recollection is that discussions of money and relationships, that was something that Marty had with Rich Miller.

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Q I understand that.

I was asking whether or not you were present when any of those conversations took place?

A No, I don't recall being present when money was discussed.

Q Do you remember being present when money was discussed with Spitz Channell or Dan Conrad in December of 1985?

A No. No, I don't.

Q When you told Mr. Regan on January the 2nd or 3rd of 1986, that you wanted to arrange this meeting, and he said to you I hope you're being compensated for this, was there any further discussion about compensation?

A No, there was not.

Q Why would he ask you a question such as that?

A Well, let me set the framework for how it happened.

I was going to make sure that he knew that it was a client matter. I think any time you do something, you should always tell people it's a client matter.

And so it was my intention at the end of talking about this group to say this is a client matter, and describing who these guys were and what their goals were in helping the Administration and, in fact, what their track record was. And I said something like, you know, this is, and I told him about what happened with that Angola character. I said this

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is the kind of thing that's like a client -- it's a gift from God. I mean here you get someone who wants to do nothing but help the President, and you're going to help make them more effective in what they do. I said it's a gift like God.

And then his response, as I recall, was, well, I certainly hope you're being compensated for it. That's the context of it.

Q And you said yes, I am?

A I said, yes, I most certainly am.

Q Was anyone else present at that meeting?

A It was just Don Regan and I.

Q Where did that meeting take place?

A I believe it was the Century Plaza Hotel. Fred Fielding was there, but he was in another room.

Q You went there for the purpose of discussing this arrangement with Don Regan?

A Yes. The request for the meeting.

Q The request for the meeting that took place on January 30th?

A Yes.

Q And he indicated to you at that time that he thought it was a good idea and that he would see to it that such a meeting was arranged?

A He said based -- and again I couched my recommendation in terms like this. This is as much as I know about

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this group at this time. I have checked them out as thoroughly as I can. You are going to have to check them out too.

And he asked me to put it in a memo. He said it sounds good to me, put it in a memo, which I did, and got the memo into the system.

And then, as part of that checkup, was giving it to Fred Fielding and giving it to the Secret Service and giving it to David Chew. In other words, I papered the place.

Q You were in Los Angeles on December 2nd or 3rd?

A January 2nd.

Q January 2nd or 3rd. And you said you flew down from Utah and then you flew back.

A Correct.

Q Then did you fly to Washington?

A Later on. At some point I did.

Q The next day?

A No. I would have to look at the calendar. You know, it's on the calendar.

Q You indicate you met with Don Regan in Los Angeles on January 2nd or 3rd.

A Correct.

Q The memorandum to Don Regan is dated January the 5th, and you indicated you went back from Los Angeles to Utah.

You would have had to, it seems, to fly from Los Angeles to Utah on the 3rd, and then you would have had to spend all day practically flying here on the 4th, because when you go from Salt Lake City to Washington, D. C., how do you go, through Chicago or --

A No. It was a direct flight.

Q Through or nonstop?

A Direct to Dulles.

Q So you don't remember flying back here the next day?

A Not right away, no. I might have.

Q How did you get the memo into the memo into the White House so quickly?

A Well, for one thing, I probably did the memo at home -- I mean it was on my own stationery.

Q And then you mailed it back to Washington?

A No. I may have mailed it, I may have taken it back. I believe I took it back and delivered it to the White House.

Q You would have had to do that the next day, wouldn't you?

A I'm saying, you know, all you've got to do --

Q I'm just a little confused. You indicated that you flew from Salt Lake to Los Angeles and then back.

A Salt Lake and home.

Q And then there's a memo which goes into the White House on January the 5th, and you indicated you sort of papered the place.

A It's dated the 5th. It may not have gone into the White House on that date. That's the date that is on the memo. That means that thing was typed in my house on January the 5th, or a date of January 5th was put on it.

Q Well, did you make more than one trip back to Washington in January of 1986?

A There were several trips back to Washington.

Q In January of 1986?

A Yes. Yes.

Q And were these all related to IBC?

A No. Not related to the Boundary Commission.

Q Do you know how many trips you made back to Washington in January?

A Probably two or three trips. Again it will be right on the calendar.

Q Did you talk to Oliver North on the telephone from Utah shortly after you met with Mr. Regan?

A I don't believe that I did, but I may have. I remember meeting with him in the Executive Office Building.

Q Do you remember calling him on January 7, 1986?

A I do not recall a telephone call. But, again, I'm not saying it didn't happen. I just don't recall.

Q Would it have been possible that there could have been a phone call?

A I would say it's possible.

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Q Well, do you remember a telephone conversation in which you talked to him about Spitz Channell and Spitz's efforts?

A I certainly had to have a discussion about that because I was working on the briefing and making proposals that the briefing take place. And, you know, there's clear indications in my calendar that I had some meetings with him and with the people at Public Liaison. And they had to be about that briefing

Q Do you recall having lunch with Spitz Channell and Marty Artiano and Elliott Abrams in early January? That was on January the 6th.

A If that's the date on the calendar. I mean I don't have the calendar in front of me. If that's in there. I remember having lunch with all of those participants.

Q So you were in Los Angeles on January 2nd or 3rd, and you were back in Washington at a lunch on January the 6th?

MR. WORK: Mr. Oliver, if you're going to ask him about dates. Do you have the calendar over there. Show him the calendar and we'll move this right along.

THE WITNESS: Yes, show me the calendar. And whatever the calendar says --

MR. OLIVER: Well, I've just seen his calendar for the first time.

MR. WORK: You've sought his recollection on what dates he was doing it on several times, and I sit here and let you do that to him. But now you've got the calendar over there. Let's show him the calendar.

THE WITNESS: Whatever the calendar says is what happened.

MR. OLIVER: Counsel, I've just seen this calendar for the first time.

MR. WORK: That is not my fault. It was delivered to you last week.

MR. OLIVER: As Mr. Fryman said, we didn't have an opportunity to read it until this morning.

MR. WORK: Again, that is not my fault.

BY MR. OLIVER:

Q Well, you were compensated on a full-time basis by the Huntsman Chemical Company until April of 1985?

A Correct. Even though the responsibilities were no longer full time as of late December.

Q As of what?

A As of the month of December.

Q Had you given Mr. Huntsman notice?

A He and I discussed that. That was what he proposed to make. We sat down and agreed that there would be a four-month period in which I could make this transition into the consulting business.

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Q Did you write him a letter to that effect changing the arrangement that you had or it was just an oral agreement?

A We had an agreement between a boss and his employee.

Q You indicated earlier that there was a meeting that was arranged, I believe, by Mr. Artiano, or someone, with Spitz and you and Marty and Rich Miller and Frank Gomez and Dan Conrad, sometime after the briefing to discuss restructuring of your arrangement earlier?

A I don't think it was --

Q You indicated that someone had said that there might have been an arrangement of a certain amount of compensation per meeting with the President?

A Yes.

Q And that occasioned a meeting?

A Yes, sir.

Q Who had said that there might have been such an arrangement?

A I have no idea. I just know that somewhere that came up and it was discussed among Marty and I, and a meeting was called by Marty and that was discussed. And that's as much as I know. I don't know where I heard it, or whether he brought it to my attention, or whether someone had told me. I just don't know. I just know that it came up. And so a meeting was held, you know, to talk about that and to make sure that everyone knew exactly what the arrangement was between Artiano and Fischer and IBC, and to review the kind of projects that were to be worked on.

Q Did you ever have a discussion with Oliver North, meeting on January the 30th, about bringing in people quietly to have briefings or to have their photos taken with the President?

A No. I believe the only person that ever brought that up to me or it was discussed would have been with Rich, and it may have been Rich alone, or it may have Rich, you know, with his client Channell. But it was discussed among Artiano, Fischer, IBC group.

Q Not with Oliver North?

A I don't believe it ever was.

Q Do you remember meeting with Oliver North on the day of the briefing at the White House?

A You're going to have to tell me on the calendar. I don't know that I did. I don't think so.

Q Did you and Marty Artiano meet with Oliver North in January of 1986, the two of you together?

A The meetings that are listed under -- just has North's name, who was at that, I know, was I alone or with anybody else, I just don't remember. There's no indication of that.

Matter of fact, I must tell you that there's a chance that, you know, that is not necessarily an adequate reflection of what happened. Sometimes, you know, as we do on all of our calendars, you write something down that's going to happen tomorrow. It doesn't happen, and you never go back and take it off.

Q Well, your calendar indicates a meeting with Oliver North at the NSC on Tuesday, January the 21st.

A Okay.

Q Prior to or in conjunction with a meeting with Linas Kojelis.

A Of the Public Liaison Office.

Q Were those separate meetings or were they meetings together?

A As I recall it, it was -- I don't believe I knew who Linas Kojelis was, and I think he was to be the Action Officer, and I think either North took me down to introduce me or phoned, or somehow I believe that there was -- North was introducing me to Linas Kojelis as the fellow who had responsibility for the briefing. And that was where I recall about that thing.

Q Was that the first time you ever met with Oliver North?

A I don't know. I may have met with him in December about this briefing.

Q Prior to these briefings, you had never met with Oliver North before?

A No, not before the subject of this briefing came up, no. No.

Q Why did you meet with Oliver -- why Oliver North at this point?

A Because he was the one who was the spokesman for the Administration. He's the one that had participated in all of the briefings that Channell's groups had had. And I knew by his reputation that he was giving speeches all over. He was like the spokesman on this issue for the President.

Q Did he ever indicate to you that he was being of assistance to the Contras?

A Of assistance to them?

Q Yes.

A Well, I think he believed in those briefings he was being of assistance to them out there giving briefings and educating people.

Are you saying beyond that?

Q Yes.

A Not that he ever told me.

Q Also on your calendar there's a meeting with Oliver North indicated from 5 o'clock until 6:15 on the 28th of January, which would have been two days before the briefing.

Do you know what the purpose of that meeting was?

A No. Can I just see that real quick?

Q Yes.

A No. It had to be about the briefing.

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Q Following that was a meeting with David Chew.

A Yes. That would have been about the briefing. That could have been about other issues too.

Q Did you tell President Reagan, when you met with him prior to the briefing, that you were being compensated for the work that you were doing?

A I don't believe that would have been the kind of conversation that I would have had with the President.

Q You indicated earlier that you had told everybody or everyone that you were being compensated.

MR. WORK: Wait a minute. I don't think he said that.

MR. OLIVER: I think he did.

MR. WORK: I'm quite sure he didn't. He told Don Regan, he told --

BY MR. OLIVER:

Q Who else did you tell besides Donald Regan that you were being compensated by IBC?

A Don Regan. I believe Fred Fielding, Peter Wallison who took over Fielding's position, you know, what people in the NSC I don't know. You know, I would assume that maybe some of the people on the NSC staff, on the SDI issue. You know, at that point, I don't know.

I do know that I talked to the Counsel's office, and I talked to Don Regan.

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Q What occasioned your discussing this with Peter Wallison?

A Peter Wallison had become the new Counsel to the President when Fred left. And we were working on the proposal for an SDI briefing. I did not know Peter Wallison so I asked for an appointment with him so I could meet him, talk to him about what had happened on the other briefing, what this group was doing on SDI, and talk about the SDI issue and about the fact that there would be a proposal pending, there would be one coming requesting a briefing for the SDI issue, similar to the one that had taken place for the Central American Freedom Program. And that was to happen like in June, June of '86.

Q Prior to the January 30th briefing, you had met with Fred Fielding to discuss --

A No, I believe that had met directly with Fred. It may have been with, you know, I can't think of his deputy, but Dick Hauser, it may have been Dick Hauser.

I seem to remember meeting directly with Fielding because I'm positive I raised, when we were going over the list of names, here's all the names, I said they are into the Secret Service or checked. The only name that I would red flag in this is Bunker Hunt. And his response was there's no problem with Bunker Hunt. He hasn't done anything.

Q When you say red flag, what do you mean?

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A Well, what I was trying to do in this business, of always trying to be careful and making sure that I wasn't recommending something that was not a good idea or in the best interest. I was trying to check out all these people and who they were.

What I did on this in preparation for the proposal for the January 30th briefing, I asked Miller and Channell to get a list of all of the people that they wanted to attend that briefing with social security numbers and date of birth and all that. This is before it was proofed.

I got that to the Counsel's office and said these are the kind of people that they want to invite in, and I gave a copy to the Secret Service also so they could start running, in advance of this meeting being on schedule, to run name checks.

Q Is it ordinary procedure in the White House for people who are going to visit the White House or to be seen by the President to be run by the Counsel?

A I believe that any meeting that goes on, anything that goes on the schedule, I mean that's the first time I had seen this kind of internal paperwork, things have to be signed off as I believe correspondence is signed off by someone in the Counsel's office. And one of the things that you do is you attempt to have the Secret Service run name checks to make sure that you are not bringing some axe

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murderer into the White House.

Q I understand the Secret Service running name checks. But what I'm trying to --

A But part of the Counsel's responsibility is also more political. You may have somebody on there that is not a criminal but maybe has done some horrendous thing in public, and the last thing in the world you want is that person standing next to the President and have his picture -- that's the kind.

Q Of course. I understand that.

But whenever someone arranges a meeting with the President of the United States, is it the normal procedure for the Counsel to the President to be consulted about whether or not --

A Yes. If not the Counsel directly, the people on his staff. I believe everything that goes on gets signed off by the Counsel's office.

Q Every meeting with the President he --

A That's absolutely correct.

Q When you had been there, you were the person who sort of was the last person at the door before people went in?

A By the time it was on the schedule, it had gone through whatever this horrendous system was and been signed off by all the office that had to sign off, and then it gets on the schedule.

Q Including the White Counsel?

A I believe that everything went through Counsel's office.

Q Everything?

A That is my belief. You know, I never had to initiate while I was there. It was not my job to initiate meetings or proposals for meetings. All that stuff --

Q I understand that. But did you --

A My understanding of the system is absolutely that one of the steps to having something approved is to go through some area of the Counsel's office just to make sure that everything is okay here. That's my understanding.

Q Well, that's why I was asking because you had that job for four years.

A But my job did not encompass deciding what went on the schedule and what didn't.

Q You said that everybody, all these different offices checked off on it?

A What I'm saying is that that had to happen before it ever got on the schedule.

Now what the system was, and precisely each step that went on, I don't know what the step was. It was always my understanding that Counsel's office carefully checked everything that went on. That was part of their responsibility in protecting the President.

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Q So why did you need to go and meet with Fred Fielding if it was done as a matter of routine?

A Because what I wanted to do, because I was personally involved in this, and I wanted to let him know, as I wanted Don Regan to know, that I was trying -- on my own, I did the best that I could to check out who these people were because I didn't know firsthand. I had limited exposure to them. I only knew early on what they were telling me. And I was judging from their record, which I thought was good.

But as more protection for me also, I wanted people to know that I was being very upfront about this thing, providing even though it eventually would come that way, if you get it right into the Counsel's office and say, look, this is a proposal and these are the people being invited, and I've checked them out as best I can, but I don't much more, that's going as far as you possibly can in trying to protect yourself, protect the White House.

And so, if it turns out if you recommend something that is horrendous, you don't want somebody to look back and say, you know, look what this guy did. That was my attempt to be as open as I could.

Q You discussed it with Fred Fielding?

A I remember it as being Fred Fielding. The only reason I remember it is because of a discussion about Bunker Hunt.

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I mean you remember if something unusual has to happen, and I remember looking at the list. Bunker Hunt, the name bounced out at me. And I thought maybe this is a problem.

Just like in my discussion with Peter Wallison on SDI, the question that I had for him, and that's why I remember the meeting so well, is these people, some of the invitees are representatives of companies who do business with the Defense Department on SDI, and is it proper to invite them?

Q Did you tell Mr. Fielding at that time that you were being compensated for arranging these meetings?

A I may have; you know, I honestly can't say whether I did or not. I know I did with Wallison because he was a new guy and I wanted to go to extraordinary lengths. I believe that I did. But I can't sit here and tell you I know exactly, as I can with ---

Q You remember you talked to Wallison and told him you were being compensated?

A I absolutely did.

Q What was his reaction?

A I think he probably assumed, as most people do, when you are back in the White House that you are on a client matter.

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Q You indicated that you remembered telling Wallison

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you were being compensated.

A I remember telling Peter Wallison, but it was in the context, too, of--I specifically had a question; I had a concern about the list of potential invitees on the SDI briefing, and I raised that one issue of whether it was proper; that meaning the red flag to me--it was a totally different issue. We had people here who represent companies who do business on SDI. Is that a proper kind of person to invite?

Q My question to you was what was Mr. Wallison's reaction when you told him you were being compensated?

A I don't remember any kind of reaction. But I think again, when any time someone came back in there after they left, you know, it was ---

Q Did he make any response to your disclosure of compensation?

A No, I can't recall that he did at all.

Q Did that briefing ever take place?

A It was scheduled and it got cancelled; it was going to be put on again, and it never got put back on.

Q When was it scheduled?

A I believe it was June of 1986.

Q Of 1986.

A I think that's right; it may have been July, but I believe it was June, and it had been approved.

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Q All the way to the top?

A Yes.

Q And Mr. Wallison had signed off on it in the normal way saying it was okay to do this?

A Yes, but it was because of the issue that I raised that it had to be cancelled. And that was the fact that some people had been invited--the issue to me was: can you invite people who are representatives of defense contractors to a briefing on SDI? His initial response to me was: as long as it's a mixed group, of course you can; no one is asking for anything here, it's okay. What happened was the invitations went out and Channell jumped the gun; instead of letting Public Liaison or whichever office the White House decided was going to do the briefing, he sent out his own telegram and it got to a defense contractor who knew Peter Wallison; he brought it in and said take a look at this. And then I was called in by Peter Wallison.

Q Who was that defense contractor?

A I can't answer that, I don't know who it was. But I was shown the actual telegram or mailgram that Channell's organization sent out, and Peter said do you know anything about this. I said I do not know anything about it. And after reading it, he said what do you think, and I said it's got to be cancelled. And it was cancelled.

Q When did that meeting take place?

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A Some time prior to--you know, if the briefing was going to be in June--you know, several weeks before--maybe within a month of when the meeting was to take place. In other words, there was a target date set for the briefing; it had been signed off on; and then, because the group had done their own inviting ahead of the White House inviting, it was determined that that was not a good way to do business, and so therefore Mr. Wallison decided to defer [sic] an air of caution, and he said it's off.

Q Prior to the January 30th meeting, hadn't these people who came there, these nineteen potential contributors, been notified that they were going to receive an invitation?

A I have seen paper work that makes me think that they were, but I didn't know that they were.

Q Did you know that they each received a letter from Oliver North that was mailed from the White House ten days prior to that meeting?

A I did not know that, and I haven't seen the letter. I have no knowledge of that at all.

Q You indicated at an earlier time that one of the reasons for wanting a meeting to restructure your agreement or to bring about this acceleration of payments was some concern that this might not last, and that somehow ---

A May be a client this month and not the next month.

Q You also mentioned that there was a vote on contra aid that somehow figured in that concern. What was that concern? What was this vote that you were talking about?

A I believe the vote that I am referring to is the one on whether or not there was going to be the passage of the big aid bill, the 100 million, or whatever the dollar amount was, that Congress--you know, this is what all these public education spots were leading up to. And there was a concern among I know Miller and IBC, and there was a concern with me personally that who knows where this relationship is going to go. Channell had talked to me about other entities that he was going to put together that went way beyond this Administration, and in fact he had a very ambitious plan to form a foundation that was going to be funded before Reagan left office to allow him to go on radio or television any time he wanted to after he left office, and he had people all lined up ready to put the money in. And that was a project that he wanted me to get intimately involved with and probably even run it for him after Reagan left office.

So what was happening at that time was a fear of Miller's that maybe, you know, his client, Channell, if he doesn't have a need for Miller any more, that may disappear, or--and, you know, I didn't know what was going to happen. I was more secure in my position than I think Rich was at the time. And so it was a concern over the volatility of, you know, not only the client, but the issues the client was working on; if he wasn't working on issues on which you could help him, there was no reason to have you as a consultant any more.

Q Was there a time in April of 1986 on or about the date of the vote in the House that Rich Miller indicated to you that Spitz Channell was not going to compensate the people involved in the Central American Freedom Program any longer?

A My recollection is that the vote wasn't until June, but I may have my dates all mixed up. No, I don't recall anything like that.

Q Did he ever tell you that Spitz Channell was in effect cutting everybody off?

A In April of ---

Q Of 1986.

A 1986?

Q Yes.

A No, I don't recall that. You know, there were certainly times later on in the summer, particularly when he lost his SDI program, when that thing got postponed, and the Central American Freedom Program was no longer needed--that I know there was a concern of Rich of exactly what kind of programs is IBC going to have, because they had done so much research and writing for Channell on these other issues, and there was a question as to where they were going to go, was

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SDI really going to happen, or was Channell all of a sudden going to switch--and he would switch programs: he may be going full bore on one thing, and he'll very quickly do a 180 and refocus on some other issue. It's whatever, you know, he wanted to do at the time. That was always a concern, because you really never knew where the guy was going to be almost day to day. And he ran his operation very tightly, and it was whatever he decided to do what his organization was going to do; he didn't need a board of directors to tell him--he was the board of directors.

Q And you dealt directly with him?

A After a while, particularly when we had the separate arrangement, I was dealing at times directly with him.

Q You were concerned that this thing might not last and therefore you went after this acceleration, and you knew of Spitz Channell's volatility--I think you described him as a volatile person. Why didn't you seek a binding contract or something in writing?

A Those binding contracts aren't worth the paper they are printed on. A personal service contract, you know, it's not the kind of thing you are going to go into court to try to enforce. First of all, I don't think a court would; and, second of all, who would want to--you know, if someone doesn't want you to perform services or you are doing a lousy

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job for them, it's their right to cut that off.

Q So you don't believe in written contracts.

A I believe in some written kind, but personal service contracts I think are very suspect and I don't think they have--I personally don't think, and I know it was Marty's opinion that they are not worth the paper they are printed on. If someone doesn't want to honor it, what are you going to do? Are you going to drag them into court?

Q Yes.

A But on a personal service contract I think it would be very difficult. All the guy has got to do is go in and say, look, this guy promised to do this for me, his performance is unsatisfactory, he broke the contract.

Q After your initial arrangements with IBC and Spitz Channell, did you receive any compensation from the Federal Government other than your nominal sum from the Boundary Commission?

A No, sir.

Q Did you do any work for any government agencies?

A No, sir.

MR. WORK: How much longer are you going to go?

MR. OLIVER: I don't know. Off the record.

[Brief discussion off the record and brief recess]

MR. OLIVER: If we could go back on the record, Mr. Buck has a few questions that he wants to ask, and he has

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another engagement, so I will defer to him temporarily and continue my questions when he has completed his.

MR. BUCK: Thank you very much.

EXAMINATION BY COUNSEL FOR THE
HOUSE COMMITTEE

BY MR. BUCK:

Q I want to clear something up about the acceleration of payments question. This concerns the agreement you had with IBC in December of '85, January of '86.

Is one of the main reasons that the payments were accelerated was because the work was accelerated? Or why don't you give me the reasons why.

A The work load continued to increase at a very rapid pace. What was envisioned in December changed in January, and continued to change. And so increased demands, an increase in the number of projects, that certainly would have been a factor, yes.

Q Let me give you a hypothetical and see if this sounds reasonable. If you were going to be paid $20,000 a month for a year and you expected that you would be working about 500 hours a year and, after a month or two, you figured out that you were going to be working 500 hours within the first six months, and you accelerated payments, would that seem consistent with what we are talking about here? In other words, you never planned on working for free the last

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period of time.

A Let me see if I can do this without being confusing. When acceleration was made, thought was never given to that hypothetical about, well, that means you are going to work -- for every month that you take up front means you are going to work for free here. That was never talked about, I don't believe ever thought about. The situation was so fluid and literally changing month to month that what was going to happen six months down the road, nine months, a year, frankly was not even thought about that much, because, again, it was a very fluid situation.

But there's no question that what was contemplated and what was asked of in December changed very rapid. There was just a lot more expected.

Q Did you do considerable work for clients other than IBC during the relevant time period, that being December '85 on?

A Yes, there were other clients that had nothing to do with IBC, that I did a considerable amount of work on.

Q How would you split it on a percentage basis?

A I can do it by percentage of income.

Q Okay, why don't you give us percentage of income.

A This is going to be a ballpark figure. I believe, if you add up all the compensation that was put into David C. Fischer & Associates in 1986, 60 percent I think is about

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right--I think one time I guessed it was 75 percent or 80 percent--was IBC. I think 60, now that I look at it, is a little closer--60 percent, IBC-related; 40 percent, totally non-related to IBC.

Q Unrelated to IBC, unrelated to any of the Channell organizations.

A Correct.

Q [redacted]

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[redacted]

Q We've talked a little bit about this question so far this morning and this afternoon, and I just want to ask you, to find out for the record, did you ever sell White House visits for any price?

A No, I did not sell meetings at the White House.

Q Do you know if anybody in the White House ever received any money from yourself, Mr. Miller, or any of his organizations, or Mr. Channell, or any of his organizations, for meeting with any of Mr. Channell's contributors?

A No. Again, they didn't have to; they were getting just about what they wanted. I was able to look in the record and clearly establish that they were invited frequently into the White House--their contributors were in the White

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House. And I'd like to put one other thing: even after the relationship that they established with me, they continued to be invited. And there was a meeting in April of '86--it had to do with the photograph that I saw with Channell and the President--and I said I don't remember that ever taking place. And I was told that Miller and Channell had been invited to a briefing in the cabinet room on this issue. I never knew about that until six months ago when I said that photograph, when did that take place. And they said, oh, it was a briefing. So they continued to enjoy access, very intimate access, without my participation, without my encouragement, and in fact, because they had had it for so long, and I believe they had it because they deserved it; I mean, they were performing obviously what the Administration thought invaluable services.

Q What was your knowledge of Mr. Channell's fundraising, organizations, and techniques? Were you intimately involved with his fundraising?

A No. The thing that impressed me about Channell was that, number one, he seemed to be highly organized. He seemed to have the ability where people--and I will put this in context of the Reagan Library, when we met with people from the Reagan Library, he wanted to assist them in figuring out how to raise big dollar amounts. Where they thought in terms of little amounts, which would still be big to you and

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I, he thought in much bigger terms; he would think in terms of getting people to donate half a million, a million dollars, five million dollars. And that is the grand scale that, you know--so that was the thing that impressed me about Channell, his ability to raise money and to put together programs that people wanted to contribute to.

Q Did you have any knowledge that money being raised by Mr. Channell or Mr. Miller was being used to directly assist the contras?

A No.

Q This is at the time, not what you read in the media afterwards--but at the time, did you have any knowledge that any of the money being raised by Mr. Channell or Mr. Miller was being used to buy weapons?

A No.

Q Did you ever hear the subject of weapons discussed at any meetings which you attended?

A Yes, in that one briefing in particular with Bunker Hunt, in which, as part of his briefing, he talked about the needs of the contras. But that's the only time that I ever recall ever hearing that.

Q Did you ever hear Colonel North solicit any individual for money?

A The only time I was with him with a contributor was Bunker Hunt, and, you know, when I was there he did not. It was a straightforward kind of briefing.

MR. BUCK: I have no further questions. Thank you, Mr. Oliver, and thank you very much, Mr. Fischer.

FURTHER EXAMINATION BY COUNSEL FOR

THE HOUSE COMMITTEE

BY MR. OLIVER:

Q [redacted]

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TOTAL

[redacted]

Q I want to switch back to another subject, if I may.

You indicated earlier in the discussions with Mr. McGough and Mr. Fryman that -- I think you used the word "passthrough" -- that the arrangement was that Channell would pay $20,000 to IBC, and IBC would pay $20,000 to you or to Mr. Artiano, or 10,000 to each.

How did that work?

A No. The original agreement that was struck in December, or whenever it was in '85, was for the $20,000 --

MR. WORK: I want to object to this since we are now going over it for the fourth time. Every questioner has asked him this question. And I know you have a right to ask him the question, but everyone has asked him this question. And I hope you will be short.

And I think it is objectionable because every questioner has asked it.

MR. OLIVER: Your objection is on the record, counsel.

THE WITNESS: I'm tired. The original agreement with Artiano and Fischer and IBC was strictly with IBC. There never were discussions at that point that I'm aware of that said, well, all this money, even though we knew that the vast majority of work was on behalf of his client, Channell, his obligation was a long term that IBC personally agreed to.

When we were making a reference to Channell putting $20,000 in, that became later on, and that one was because he wanted me to work for him personally. And I said no, I will continue my relationship with Miller, and everything will go through Miller.

Q I understand that, but your $20,000 a month, which I believe was the compensation that was agreed upon at some point, was basically what you were paid. My understanding is that $20,000 was paid by Spitz Channell, NEPL, whatever, to IBC, and then IBC wrote a check to either David Fischer Associates or Marty Artiano or you. I mean the $20,000 passed from Channell to IBC to you, or to you and Marty.

A I can assume that that is what happened. As far as discussions in those early stages when the deal was negotiated, I do not know, because, you know, I did not participate in those discussions.

I can tell you when I did have a conversation is when I struck that separate deal with Channell when he was trying to get me to work for him in which he wanted to do it directly, and I said it will go through IBC. And that is the time I had discussions about particularly how money was handled. In other words, it was Channell to IBC, and I had that discussion, and I --

Q And you talked about the exact amount a month of money?

A Correct.

Q So that exact amount of money went to IBC, as you had agreed, and then you got the exact amount of money that you had agreed upon with Channell?

A Correct.

Q So, out of this arrangement, IBC didn't get any money?

A Well, IBC at that time had separate arrangements with Channell on a wide variety of programs for which I believe they were being compensated for. What they were being compensated exactly for all of the projects, I have no knowledge. That was not discussed with me.

Q But as far as David Fischer and Marty Artiano were concerned, there was not a cut taken by IBC out of the money that came from Channell to pay for your services?

A Until I formed a separate agreement with Channell. How Rich Miller billed Channell, if that's what he did, or what funds he used, where he came up with that 20,000 a month to pay to Fischer and Artiano, I had no discussion with him, that was not a concern of mine. I just know that I --

Q You did not know that the money was coming from Spitz Channell?

A I assumed that it did because we were working on matters pertaining primarily to his client, Channell. However, until I had specific discussions with Channell later on, a couple of months later, whenever it was, in which we were talking about the separate arrangement, I knew I was negotiating with him at that point exactly how this was to take place. This was when he was trying to get me to work for him, and he wanted to pay me directly.

Q This was in?

A April or, you know, sometime in the spring.

And so, in the initial arrangement, how Rich Miller, how he did his books and how he billed, what amount he was billing to Channell, I couldn't tell you. I haven't the foggiest idea. I have never seen the IBC books to this day.

Q So why did you have a meeting, or why was it necessary for you and Marty Artiano to meet with Channell and Conrad and Miller and Gomez after the first White House meeting if your arrangement was with IBC?

A Because the work was being done in behalf of

Channell.

Q Which work?

A The work that we were engaged in, the meeting in January, all of these projects we were doing on behalf of Spitz Channell. That is why that issue was brought up, when this rumor was heard, or whatever it was, that resulted in this meeting in which it was discussed among all the participants.

Q And at that meeting did you discuss this rumor?

A As I recall the meeting, as I've said earlier, Marty Artiano conducted the meeting, and he brought up the issue, recapped what we understood the relationship to be. As I recall, everyone said that's exactly what it is, or concurred, or no one raised objections or whatever, and then went on to other matters.

It was just something, you know, that had come up. You know, Marty wanted it discussed with everybody. And I don't believe that that meeting was just called for that because periodically we would all meet together in the board room and go over the wish list and decide who was going to do what, and divide assignments up. And I believe this just took place at one of the meetings.

And it was, you know, it was on the agenda, and Artiano, as I recall, is the one that addressed the issue to everybody.

Q When did you first ask Rich Miller to arrange for an accelerated payment in January of 1986?

A I did not ask. Artiano asked.

Q And when did he ask?

A I can't tell you. I have no idea. Sometime in January.

Q Did you think you needed an accelerated payment at that point?

A I must have, you know, because I agreed with it and received a check.

Q Well, you had already received checks in December and probably early in January?

A Yes.

Q And you received another check?

A Again this had to do with the concerns that I've already expressed; number one, that there were increased demands on what was expected, increased demands on my time, and projects that were envisioned greatly exceeded what was originally envisioned in the relationship.

And as I've said before, this relationship, it is an exaggeration to say it even -- I mean it was, at a minimum, changing month to month. It was almost week to week new things were coming up. And, all of a sudden, we went from something that existed in December with the projects I've described, and in January we were in a total different

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ball game, totally unrelated to what was originally envisioned.

Q Other than arranging meetings with Government officials for Channell's people and for Channell, what else did you do for Spitz Channell?

A For Spitz Channell, a lot of the meetings that we had and a lot of the effort that was spent was on not only these meetings with Government officials, but was on a lot of the projects that he envisioned doing in the future.

He had conferences that he wanted to hold, conference on terrorism, one on pulling in a future of conservatism conference that he wanted to have in 1987.

There were the Reagan Library efforts that were non-related to the Government. There was the Reagan Foundation, I believe was what he was calling it, on putting together this organization in this Foundation.

Q And what did you do in relation to those projects?

A Well, in those kinds of projects, it was a matter of putting together game plans for him and figuring out how he could go about and achieve these objectives. A lot of times --

Q Did you put together those game plans?

A Some of them we did, yes.

Q Do you still have copies of those game plans?

A No. You have copies of everything that I have.

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In another area, he had a program in which he -- and I can't remember the name of the program -- in which he wanted to put together commercials to -- he had commercials that were very prone; in other words, on SDI, we'll find Congressional Districts that support the President and we'll put commercials in those districts.

He also had ideas to do a negative campaign on specific Congressmen. And I remember --

Q Did he discuss those with you?

A He absolutely did. Rich Miller and I in a restaurant. I remember it so clearly because of the subject matter that was brought up, and he described his program of targeting certain Members of Congress who had been, you know, vigorously opposing the President on certain issues, SDI and also the Contra issue, and running some negative ads. And he asked for our opinion, and Miller and I, in the strongest terms, told him that it was a terrible idea. And I remember so well saying you admire Ronald Reagan, and you say that you take his lead. You know that Ronald Reagan doesn't believe in negative advertising. It backfires, it doesn't work, and you shouldn't do it.

And I think the record is clear that he went ahead and did it. But, you know, it was my opinion --

Q Did Rich Miller help him do it?

A I don't believe so. He was as opposed to that as I was. And I never heard of that program again.

But I know that he went forward with it. Now, if Rich had separate meetings with him, he may have, I don't think so. Because Rich was opposed to it also.

Q He told him that he was opposed to targeting Congressmen who opposed the President for ads?

A Negative campaigns.

Q Negative campaigns.

A He was opposed to negative campaigns where you target specific Members and say this person opposed the President on this issue and he ought to be defeated in the election. That kind of campaign, I know that Rich was opposed to that.

Q Were you aware that the ads for that negative campaign were paid for by the people who attended that briefing that you arranged at the White House on January 30th?

A I don't know how the funding came in for that. You know that Channell had so many organizations, and who gave to what organization I can't tell you. Or even what entity he created. Maybe that was that ATAC group that I've heard about. Maybe that was the negative ads.

I don't know what entity or who paid for it.

Q Was there any discussion surrounding the January 30th briefing either before or after or during where they talked about the ads that would be run as part of the Central

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American Freedom Program during February and March and April of 1986?

A Each time there were new ads in the works, I was able to look at them after they were completed.

Q Look at the story-boards or look at the cassettes?

A No. I actually saw the finished product when they came out of the agency. And those were always passed over to the Administration. They were able to view them.

Q Did you review the Mike Barnes ads when they came out of the agency?

A No. I don't know if I saw the Mike Barnes ad. I did see the one on -- was it McCloskey? I think I saw one negative ad one time, and I believe it was McCloskey or Mikulski.

Q Did you see any positive ads on the Contras?

A Oh, all of them. I mean, when I say positive, it would support the President, I view that as a positive ad. When you start targeting a specific member and saying, you know, this person opposed the President and you ought to defeat him and elect somebody else, that's negative advertising.

Q At the luncheon which took place on January the 6th, which Marty Artiano arranged with Elliott Abrams, you were present?

A Yes, I was.

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Q Was Barbara or Adam Goodman present also?

A I don't believe so. No, I'm positive they weren't. I don't think I even ever met Mr. Goodman.

Q Did Spitz Channell show the story-boards for ads to Elliott Abrams at that luncheon?

A I believe he did at that luncheon.

Q And you saw those story-boards?

A I have seen them. You know, I can't definitely recall, but I believed that it happened. We couldn't have shown them to Tate in a restaurant so I believe that was part of it, was to educate as to what they were doing on the ads.

Q On the ads.

And how did Elliott Abrams react to these story-boards?

A Again my recollection was that -- excuse me -- that he was very impressed with what the group was doing.

I don't remember anyone in those early days, until maybe the negative advertising, that anyone ever raised any objections or concern about those ads. No one ever said those guys are going too far, or we don't like the context. I mean the text of it, or we don't think that's Administration policy. I never heard -- I don't think I ever heard a negative comment in those early days on their ads.

Q Did you know that those ads were being run in specific districts that were related to upcoming votes in the

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Congress?

A Yes.

Q How did you know that?

A I knew that he had a polling expert, Finkelstein, that Finkelstein was at least a pollster that he used. I was more familiar with the SDI because I got to see the SDI polling. I never saw anything on the other issues. On SDI, I did, and I got to go through the whole study.

So I was aware that he was doing some in Congressional districts. And I know in the SDI program, they were targeting specific places where they wanted to run, support the President on SDI ads. So I'm kind of assuming from that the same thing was done for the Contra issue. But they bought in specific Congressional districts.

Q Did you participate in any meetings that were related to the upcoming Congressional vote in January, February, March, April or 1986, where the legislative strategy was discussed?

A It had to be discussed at some of the meetings, but I just don't have a specific recollection of it. It's not the kind of thing that would stick in my mind.

Q Did you know Dan Kuykendall?

A Yes, I met Dan Kuykendall. I did not know him until --

Q When did you meet Dan Kuykendall?

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A I don't think I met Dan Kuykendall until late spring probably of '86. I'd have to say that would be my guess.

Q What was the occasion?

A I think he was brought in in the context of some of these programs. And I knew that he had done some Hill work, was a consultant of Channell's.

Q He was brought in. Where did this meeting take place? Was it a meeting at Miller's office?

A Yes. As I remember, you know, I don't know whether that was the first, but I do remember sitting down at a meeting with Kuykendall in Miller's office?

Q Were there several other people at that meeting?

A Yes, I think there was. If I remember, it was in the conference room. There were people sitting around.

Q Were they discussing the vote and legislative strategy at that time?

A I can only assume because Kuykendall was there that they would have been. But I just don't have a real -- and again I could be way off. I may not have met him until the summer. I just can't pinpoint exactly when Kuykendall came into it.

Q Do you know whether or not Rich Miller was involved in the targeting of the Congressmen against whom ads were run?

A I can only suppose from his reaction at that lunch when negative ads were brought up and the way he opposed it, that I would be very surprised if he was involved in negative targeting.

Now, he was probably involved in targeting of support the President ads, which I don't call negative. But the ones where they were negative ads about specific Congressmen, I would be very surprised if he was involved with that.

Q You don't know whether he was or not?

A I don't know. Not only that, if Channell's polling data was as good as it was, I don't think he needed anyone to figure out where he was going to put his ads. He really did some very, very extensive polling ads.

Matter of fact, he shared it with the White House.

Q What prompted you to incorporate, or did you incorporate as David C. Fischer Associates in January of 1986? What prompted you to do that?

A It was a matter of forming some business entity, and someone recommended incorporating. A law firm in Utah said this is the best way to do it.

Q When did you discuss it?

A Sometime prior to incorporating, probably December of '85. It may have been as late as, you know, early January, something we did, you know, fairly quickly./

Q And you incorporated in Utah?

A Yes.

Q Do you remember the date of the incorporation?

A No, I don't. I don't. I'm assuming it was early January of '86. It was definitely January.

Q You said that you had no policy input in the various meetings in the White House, that you were primarily a facilitator of meetings and arrangements and so forth.

Did you have any policy input into what IBC or Spitz Channell's organizations were doing?

A What do you mean policy?

Q Well, you indicated you heard this term "strategic planning"?

A Yes. Well, those are two different things. Strategic planning doesn't necessary mean just policy. And even in the White House, the kind of activity that I had a part in would be in this area of deciding -- and this isn't policy -- but if you take issues with the President who wants to go out in the country and get across with its education and the schools or whether it's SDI, then groups of us would sit around and say okay. This is the issue. How do we go about and put him, the President, in settings to get this message across and make news out of it? And we would sit around and strategize. We would strategize about what to do on foreign trips, and I was part of that process.

Q You indicated that you asked Channell to show you

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who they met with at the White House, that you gathered a number of these papers and so on, and take a look at what they had done?

A Yes.

Q When did you ask Channell to do that?

A I believe it was in December of '85, or I asked Rich or both of them tell me, show me who you are, give me all the information that you've got, along with the cassette tape of the commercials, along with story-boards. I got correspondence, lots of letters from Ronald Reagan to Spitz Channell, correspondence indicating that samples of telegrams from the White House inviting people to meetings.

Q Have any of the contributors to Spitz Channell's organizations ever met with the President prior to your involvement?

A I have been told yes.

Q Who?

A I have been told that it happened, and I think the only one that comes to mind was maybe Barbara Newington. You know, I was told that it had taken place because that is a question that I did ask. Well, I know you've had briefings, has this ever happened? I was told yes. And as an example I believe it was Barbara Newington who had a photo ops.

Q Prior to the arrangement that they made with you, had the President ever stopped by any of the briefings for

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ACT or NEPL?

A According to the paperwork I saw, no. Because the briefings were all in the EOB, and that didn't happen.

Q When Marty Artiano talked to you initially about this arrangement, did he tell you they wanted you to arrange meeting with the President?

A No. No.

Q He did not mention it?

A No. It was not mentioned at all ion our initial discussions with this client.

Q Was it mentioned at a later time?

A Yes.

Q When and in what context?

A Well, it was in our subsequent discussion. Once, we know, we started checking out the group, and then they started asking for, you know, would it be possible to do a briefing? And we went through that and got the briefing.

Well, would it be possible to go and have some of our contributors have photos, people who hadn't met the President before? And we checked into it and, yes. So it was not all at once, but it was over time that initial projects and requests came up.

Q Was there a time in January of 1985 that it was indicated to you that Admiral Poindexter did not want to attend this meeting, or did not want it to take place in any

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way?

A January of '86 you mean?

Q I mean January of '86. Excuse me.

A No. Again, because once I put the request in, it then became a White House matter and they decided who was going to be there.

And the briefing memo that was recommended was just a format that had been followed before. In fact, I don't think Poindexter did participate.

Q Other than the meeting that you had with the President in the hallway prior to his entry in the Roosevelt Room on January 30, 1986, did you ever meet with the President or discuss with the President any of your activities related to IBC or Spitz Channell?

A There had to be some kind of discussion once because I accompanied some of these people in for their photo ops. So I mean in that context he knew that I had a relationship and knew that these people were helping on the TV commercials. So I would have to say, you know, yes in that context.

And in fact he, you know, he knew that I had provided, and matter of fact we saw some of the commercials, Fred Sacher, the Vice President, Ronald Reagan and I watched a couple of commercials, some of the new commercials that came out.

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Q When did you do that?

A Whenever it was in the calendar, when Fred Sacher went in for his photo, and we took a couple of minutes and had a television in the study there and watched a couple of the commercials.

Q Was Mr. Sacher present?

A That's correct.

Q And the Vice President and you? And Don Regan, was he there too?

A I think Don Regan was present.

Q Was anyone else present?

A Jim Kuhn, the Aide to the President, was there.

MR. McGOUGH: Could I interject?

You said in the study. Where do you mean by that?

THE WITNESS: He had the Oval Office, and then you go in a little hallway and there's the bathroom and a little tiny study. And it used to be Mike Deavers' office. It's just a place where he has a lunch and where, if he wants to go to a smaller office to have an informal meeting, or watch a new broadcast or something, the television is in there.

BY MR. OLIVER:

Q How long did that meeting take place with Fred Sacher?

A About 10 minutes maybe because we watched some of the commercials.

Q And what was the date of that meeting, do you remember?

A I want to say it was sometime after the January 30th briefing.

Q Shortly thereafter?

A Yes. I'd say, you know, probably February sometime.

Q Which commercials were these?

A You know, I don't have any idea.

Q Did the President comment on them to Mr. Sacher?

A You know, as best I recall, they were impressed with them. Again, the only thing I can tell you is I don't remember anyone saying negative things about the President, as I recall. He was most impressed. And again had seen some of the commercials before the January 30th briefing. Commercials had been sent and he had seen them.

Q Did the Vice President say anything or Mr. Sacher?

A No. I just remember it as being very nice and kind of thinking, well, that's great of you to start this programs, and these ads are wonderful. And, you know, it was all just very positive, that kind of casual conversation.

Q Was there a discussion about the briefing that had occurred on the 30th?

A No, I don't recall that at all.

Q Was it mentioned?

A I don't believe so. But, you know, again it may

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have.

The only thing I remember is the TV commercials were looked at, there were thank you extended to him, and what a great job, and that was as much as I can recall.

Q To your knowledge, has anybody else ever done these photo ops for people who have supported the President's program in Central America besides the ones that you arranged?

A Besides the ones that I arranged?

Q Yes.

A I couldn't speak to that. I wouldn't know. I can only assume that -- I mean when I was there for four years, you did photo ops all the time to thank people for a wide range of things that they had done for the President.

You also did photo ops that the Congressmen requested, there was Congressional photo op time where a Congressman could bring in Miss Honey Bee or whatever here -- that kind of thing. The photo ops were regularly scheduled.

But as to whether or not any one of this issue, I have no personal knowledge.

Q Prior to these photo ops that you arranged for Mr. Sacher and Mr. and Mrs. Warm and Bill O'Neill, Mrs. Garwood, Barbara Newington, Bunker Hunt and the Driscolls, did you have meetings prior to any of those photo opportunities with Fred Fielding or anyone in his office?

A No.

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Q Were these things cleared through the Counsel's office?

A I would not know. I know that they were cleared with the Chief of Staff and that is the gentleman that I specifically mentioned these to and got permission.

Q To Don Regan?

A To Don Reagan directly.

Q And he was aware that you were being compensated?

A Or that this was a client matter, and, you know, I had the discussion with him in January, and we again had subsequent meetings in his office on a wide range of issues.

But he absolutely knew that this was client matter.

Q So you knew that in effect he cleared how many meetings at your request? You count the January 30th meeting, then you have these one, two, three, four, five, six, seven photo opportunities.

In addition to that, were there any other meetings that you cleared?

A Well, the SDI one was on the boards. But then that got canceled. So, you know, the SDI briefing had been approved.

Q By Mr. Regan?

A By Mr. Regan's office at least.

Q Were any objections ever raised to the SDI meeting by anyone in the White House to your knowledge?

A   Other than what I've told you before is that originally it had been completely signed off on, and it was when Channell's organizations sent out their own telegrams in advance of the White House doing something. And that caused a cancellation, or we postponed it, because later on the proposal was in again.

Q   Do you have a copy of those telegrams that were sent out?

A   I don't, but I guarantee that Counsel's office did, or at least they did at the time because they showed them to me.

Q   Was there something in the text of the telegram that caused them to flag it?

A   Well, no. I think it was primarily the fellow who received it. He was a defense contractor. And they were worried that even though before this they had already said there was no problem as long as there was a mix, you can have defense contractors there but it's got to be a well-rounded mix group.

And then, all of a sudden, when this telegram came, Counsel's office now was saying, my God, someone from the defense industry has been invited to this, we cancel it.

So, to my recollection, that was the one thing that cancelled it, and I don't think they liked the text anyway, because the White House likes to invite people themselves to go on briefings.

Q Did you know that Spitz Channell's organization and/or Rich Miller were specifically trying to get a list of the defense contractors who supported the President's SDI program?

A No, they already--I think they had it in their research they were doing. I mean, there were articles being written at the time about who got what chunk of the SDI budget. I mean, that was well-known and was--you know--and I believe there were even documents showing this company does this much business, they do this, and it was lists.

Q They had those documents?

A I saw it in articles myself in the media.

Q Were there ever any discussions of those articles, or those lists, with Rich Miller or Spitz Channell?

A About?

Q In relation to the SDI briefing that you were attempting to arrange at the White House?

A Oh, yes. What had been raised with me--and that's why I asked the Counsel's Office about it--was the fact that aside from the usual kind of contributors they wanted to invite, they wanted to invite some people from the defense industry. I went into Wallison's office and raised the issue, saying I don't--I was the one that said I didn't think it was proper. They assured me that it wasn't, as long as there was a mix, and so they said no, there's no problem, and I reported it back--nope--he says there's no problem.

And in fact when the first telegram was received and it got into the Counsel's Office, they did an about-face and said can't do this.

Q Did the contractor who got the telegram object to something that was said in the telegram?

A No. I got the impression that it was somebody that Peter Wallison knew, and the guy was just sending it to Peter to say, look, do you know this is going on, just as a friend.

Q Do you know what company that person was associated with?

A No. I don't.

Q You don't remember?

A No. I don't.

Q Well, was it your understanding that this particular contractor was offended by the fact that he might be asked to contribute money to Spitz Channell's organization?

A No. You know, again, I read it in the context. I'm sure he had the same reaction I did, when Channell asked, and Miller asked me, can we invite defense contractors. My first reaction was no, don't do it. But I went into the White House Counsel's Office and asked permission--is this proper?--and they said yes, as long as it's a mixed bag of people. And so they went ahead and did it. I didn't--

Q Did you tell Channell that, or Miller that?

A I reported back to somebody, look, there's no problem with this as long as we do a mix, don't have--you know--put in a portion of defense contractors, but it's got to be a mix of people.

Q So the White House Counsel had told you it was okay, and you told them it was okay?

A That's right. But what got them in trouble was, Channell went ahead and sent out his own telegram without talking to me about it. I don't know if he talked to Miller but he never told me, or--

Q What difference does that make, if the telegram went to a mix?

A Because you had a private group inviting people to the White House. The White House is supposed to invite people to the White House.

Q But you were arranging meeting for Spitz Channell's people. You're a private individual.

A No, no, but now the difference is--

Q Channell's a private organization.

A No, you're missing the point.

Q These are private individuals.

A Now the difference is that what I did is I proposed briefings, and I went through the system in the White House. I went to the right people and said here is a proposal. They then took it and put it through their system, and all of the offices that have to agree to this would agree to it.

And in this case, in the SDI, it been signed off, and it's till the system went off-base a little bit that it got cancelled. But the White House is the one, whether it's Public Liaison Office, or the Office of Science and Technology, someone is supposed to originate the invitation, not an outside group.

It's okay for a group to follow up, but the first time a person hears about a briefing should not be from a private group, saying, you are hereby invited to the White House, and, please--you know--come to the gate at this time. That has to come from the White House.

Q But the idea for the meeting, the briefings in the White House, came from you and came from Spitz Channell, isn't that right?

A Sure. Oh, yes. Absolutely.

Q And the list was provided by you and Spitz Channell to the White House?

A Yes. Now I never gave a list on the SDI briefing.

Q But you did give a list on the other briefing?

A Absolutely. Yes.

Q But you were prepared to give a list on the SDI briefing?

A Yes. You know, it was just--I wanted to go clear

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up the matter on whether or not you could invite defense contractors.

Q And you did do that, and what's confusing to me is that the only issue that seemed to have been raised by the Counsel was whether or not there was a mix of people. Yet the meeting was cancelled because these people got a telegram saying they were going to be invited to the White House. I mean, it sounds like "apples and oranges" to me.

A No, listen. First of all, it was very distressing to me to have them say one day it's okay, and then, you know, a month later, all of a sudden day you can't invite defense contractors, is basically what they told me. They did an about face, but I think they did it because they were angered that Channell's group sent out telegrams ahead of time, before the White House officially notified those people themselves, and that, to them, was enough to cancel it.

Q Were you aware that Spitz Channell's organization was going to contact the people who were on their list?

A Not ahead of time. No. I did not.

Q Who compiled the list?

A I can assume that Channell did.

Q Well, was the purpose of this exercise to get these people to contribute to the television advertising campaign that they were going to do?

A Sure. Sure. Absolutely.

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Q Well, if the President wasn't going to ask them for money, how did you expect them to learn that they were about to be solicited if they weren't contacted by Spitz Channell?

A Because contact, after you're invited by the White House, a group then can do all the contact--I mean, can do the contacting if they want, or they can have meetings after the White House meeting.

But for a private group, that the first contact you would have as an invitee of the White House is from some private group, that is not proper, and that's what got them in trouble.

Q Do you know if any of the 19 people who were invited to the White House on January 3rd of 1986 were contacted by the White House before they were contacted by Spitz Channell?

A That one, I don't know how it was done. I'd have no idea how--who invited who. First, I wasn't involved in that, nor was the issue ever raised with me. No one ever said, do you know that this telegram went out, or this? That was never raised with me. There were no hitches or problems with the January 30th briefing.

Q Well, the people who were invited were people who had already been developed as contributors by Spitz Channell.

A Or additional. I mean, I don't know how--you know--the list was more than I think nineteen. There were a lot

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of people who were invited to the January 30th, and he was always updating his list, and figuring out who he was going to invite to the next briefing. It was an ever-evolving list of people.

Q Did you know that they were going to solicit these people for contributions at the Hay-Adams Hotel later that night after the briefing?

A In the January 30th?

Q January 30th.

A I didn't know what they were going to do at the January 30th briefing. I certainly knew that these people had given money to the program. You know, how he did it, or whether he was going to solicit at the Adams, I--

Q You didn't know that they were going to be asked to contribute money after the briefing?

A At that briefing? I didn't--

Q After the briefing, at the Hay-Adams.

A I did not know that.

Q You did not know.

A But I would assume that that's--

Q Were you aware that they did contribute?

A That people did contribute?

Q Yes.

A Yes, because I saw lists where, you know, the people that ended up getting private photo ops, it listed the kinds of things that--the amounts of money.

Q How much money they had contributed?

A Sure.

Q It was an impressive amount of money, wasn't it?

A And it's not only that. And it was always touted as a meeting of the people who had contributed, and the purpose of this was to thank them, and encourage them to continue supporting the President.

Q Were you aware that after the meeting at the White House, where the President appeared, that 16 of the 19 potential contributors who were there that night contributed over $4 million in the next five months to Spitz Channell's organization?

A I wouldn't know, you know, who gave what.

Q You were never informed of whether or not this was a successful event?

A Oh, yes, everyone was very pleased with ~~h~~it, and I knew that they were able to--you know--hit some of their goals, as was put in the memo, that they were hoping to raise another--I don't know how many millions--for their public-education program. I mean, they obviously were achieving it because they continued to produce ads and put more on.

Q Would you say that Spitz Channell was basically a fundraiser?

A He was a fundraiser, but he also took that money

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and produced--I don't know if you want to call it--I don't know how you describe someone who tries to put on public-education programs, whether that's one who tries to influence public opinion, or to sway public opinion. I mean, he was certainly both of those.

He couldn't have done the second without raising the money. I mean, the money was the vehicle in order to allow him to produce commercials.

Q Well, you said that you had checked him out before you finalized--

A As best I could, yes.

Q As best you could. Well, were you told what his background was?

A No. The only thing that I could find out in going into the White House was that--my impression was people didn't know him very well, but they certainly knew the product, and I could show storyboards, and, oh, yeah, I've seen that commercial, or, oh, yes, they're doing great work.

Q Did you know he had been the finance chairman for NCPAC?

A I found that out at some point, yes. I mean, when I did, I don't know.

Q What I'm trying to determine, Mr. Fischer, is, is it your conception that Spitz Channell is anything other than primarily in the fundraising business?

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A No, I don't--he was many things, but, you know, he certainly had--first he created programs that people wanted to support, so that's the first thing that he did, and he was very smart. He turned out to be a fellow who, like other organizations in town, would find issues which they would stand for.

He chose to take issues that were in support of Administration policy, and those were very easy to support for him, and it was very easy for him, then, to go to contributors and say, look, I'm trying to help the President on arms control, on SDI, on support the President in Central America.

And so he had to create the programs, first. He had to create the vehicle. Once he created the vehicle--and he was very good at that--then it was--he obviously did it easily because he was able to go and get people to support it. And in some cases you had people like Fred Sacher who got the credit for coming up with the Central American program. That's what I was told, that it was his idea, not Channell's, but Channell put it together.

Q So it isn't your impression that he was doing this to make money. He was doing this for altruistic reasons, is that what you're saying?

A I can't tell you what his motivation--what I think, ultimately, what Spitz Channell wanted? I think when it was all said and done, that Channell wanted to be a man of influence in Washington, so that if Ted Koppel on "Nightline" wanted to have an expert on influencing public opinion, that they wouldn't necessarily go to Richard Viguerie anymore. They would say, you know, this Channell's the guy who's been doing this ad, and all of a sudden you'd seen Channell on television, and he would be the one that people would be mentioning and writing about.

So he was doing all of these things and never getting any credit for it. That's why I think, ultimately, he--

Q Well, he's well-known now.

A No, but I think, ultimately, that's kind of what he wanted. He may have been in it for the money. I don't know what he made on it, but I sincerely believe that he really wanted to help the President.

Q But you were in it for the money?

A He was certainly a client, I wasn't doing it for free.

Q Had you ever been paid that much money before in your life?

A In one year? Absolutely not. I've been offered more, as I told you the other examples. Just before I met Channell, I was offered a lot more money.

Q So this was practically a doubling of your income, wasn't it, this arrangement with IBC?

A I would say from '85 over to '86, that that's--you know--that's probably about right. I'd have to review the taxes, but I'm sure that's correct. But that was going from a salaried employee to self-employed.

Q Did you discuss with Rich Miller, at any point, difficulties that he was having with the Channell arrangement in August of 1986, or thereabouts?

A I know there was a time, and I think it had to do with SDI, in which there were some hitches. There had been a lot of money expended, I believe, on a big writing project, and research, and other people had been brought in to assist in putting together this big SDI package, and Spitz was now starting to veer away, and it appeared to him that the Administration no longer considered this a big, important item, and so he was thinking about other things. So I think that was happening about that time.

Q But did they terminate their arrangement in August of 1986 for a period of time?

A I don't know. There was a time when there was--I think a couple months--where--I don't know if you'd call it a hiatus, or whatever it was--in which there were no specific programs that Channell wanted Miller to work on. I think that's correct. I don't know if it was a month or two months.

Q Did you continue to be paid your monthly fee throughout this period?

A Yes.

Q And Mr. Artiano continued to be paid throughout this period?

A I can only assume that. I don't know for sure, you know, what was happening with Marty, but I believe he was.

Q Do you know what the circumstances were under which Lynn Nofziger was brought in as a client of IBC?

A One of the things that Channell would ask me, occasionally, is--he always was looking for new people to assist him, and I know Pete Hannaford. He asked me about Pete Hannaford at one time. He talked about Nofziger. And those are the two that stick my mind.

And I said, you know, obviously they're well-known people, Nofziger more than Hannaford, and depending on what you want them for, they'd be good quality people to be associated with.

Q So you recommended Nofziger to Spitz?

A He asked me what do you think of Nofziger, and I said, you know, he'd be good for--you know--depending on what you're looking for, he would be a good man to have on board with you, as I did with Pete Hannaford.

Q So Spitz retained Lynn Nofziger?

A I believe he did, from what I read in the newspapers.

Q Was Rich Miller involved in that?

A With Nofziger?

Q Yes.

A I don't know. We had meetings, occasionally, with Nofziger, Channell, Miller and I.

Q What was the purpose of those meetings?

A Lynn, as I remember, came on very late in 1986, and I think some of it had to do with strategy on where he was going. I remember one--and the reason I remember it was because it was a disturbing issue to Channell. This is like late--I don't know if this is December or November of'86.

Whenever there were some initial stories about the Channell organization, and this girl that was a former employee--

Q Jane McLaughlin?

A Jane McLaughlin, and somebody else. Quayle? Linda Guell.

Q Linda Guell.

A Linda Guell. I was told by either Miller or Channell, or both at the same time, but it all led up to a meeting with Nofziger in which it was alleged--and I don't have any firsthand knowledge--that those girls, one or both of them, had asked Channell for $200,000 to set up their own PR firm. They were somehow tied in with Western Goals, or some organization that they had worked for before, that

Channell took over.

But it was kind of alleged by the people telling us, that this was kind of either, "Give us the money or we're going to go public with some documents." And I just remember having a meeting in Ly~~n~~n's office in which this was all discussed openly, and it was my opinion at the time--and I expressed it very vocally--if anyone's doing that, talk to your lawyer, and if he thinks there's a problem, go to the authorities with it.

If somebody's trying to do that--you know--if that's in fact what's happening. And that's as much as I remember. And Lyn~~n~~ was outraged by it, and said, if that's true, get ahold of your lawyer and he'll tell you what to do about it.

Q Why was Nofziger brought in for that kind of advice?

A No, I'm just saying that Lyn~~n~~--and we may have talked about other things. It's just that, you know, when you're trying to recall something, something unusual has to happen in a meeting for it to come to your attention. I remember that specific one just because it's a pretty unusual thing to be talking about.

Q Was Nofziger paid directly by Spitz, or was he paid through IBC?

A I believe it was direct from Channell--and, again, I'm getting this from whatever I've read in the papers.

Q But you would have known had it come from IBC, because by that time ---

A No, I wouldn't have known even then, because I never saw the IBC books; I don't know what was coming into IBC, and I don't know what was going out or who they had under consultancy.

Q By the fall of 1986, you had already entered into this new joint venture with IBC where you had discussed the structuring of who was whose clients and what were holdevers and so on.

A Yes.

Q Nofziger apparently was paid thousands of dollars in September and October ---

A 20,000 a month.

Q --- of 1986. And my question is, whose client was he?

A I think he was Channell's. But, again, even if he had been paid ---

MR. WORK: "Client" isn't the right word.

THE WITNESS: No, he was a consultant to Channell.

BY MR. OLIVER:

Q Employee, consultant, whatever.

A As I've said before, I don't know--Miller was the managing partner of IBC; I don't know how he invoiced, I never saw the books of IBC. So he could have been. I mean,

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I read in the paper that it was--and it was my impression--that it was a direct relationship between Channell and Nofziger. But I don't know that for a fact. But I believe that's the case.

Q Do you know what Nofziger was supposed to do for this $20,000 a month?

A I don't.

Q You have no idea?

A No.

Q But you were participating in this meeting after the Channell ---

A There were a couple of meetings that we had with Lynn, but, you know, the only thing that really sticks in my mind was that particular issue, and I am not saying that the meeting was called for that, but ---

Q That would have been January of this year?

A Or it could have been--whenever the story broke, I can't recall when it was. It could have been December of '86, it could have been January of '87--I just don't know when it was. I just know that whenever that whole issue came up, that it was a subject discussed with Nofziger; I mean, I remember sitting right in his office when they talked about it. I know what my reaction was to it.

Q Did IBC or David Fischer Associates, to your knowledge, have a PAC, a political action committee?

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A Well, I sure don't, and I don't believe IBC--at least I've never heard of one. But I also didn't hear of other things that were ---

Q Were you on the board or involved in any PAC's in any way in 1986?

A No, sir.

Q You indicated that Jonathan Miller was the one who requested you to give your pass back. Did you know Jonathan Miller?

A You just made me think of something. I sit on the finance committee for Bush's PAC, so I just remembered I do officially sit on that.

Q How long have you been?

A Gee, right after he formed it, I was asked, I was one of hundreds of people. I was the representative from Utah. But that's the only one that I've ever been affiliated with.

Q Let's go back to Jonathan Miller. He requested that you give your White House pass back?

A Yes.

Q When was that?

A October or November of 1986.

Q Was that in connection with a blanket recall on all of them?

A Yes, I was told that they were recalling any

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outstanding passes.

Q Did he give you a reason why they were doing that?

A No, but, if I recall, there was something about Nofziger at that time had just gotten in trouble. But I was just called and they said bring the pass in, and then Jonathan and I had breakfast in the White House.

Q How long have you known Jonathan?

A I don't think I really--I think I had met Jonathan, but I don't think I really got to ever know him until he took over from John Rogers as the administrative guy at the White House. He had left NSC as staff secretary--I think that's what he was--and went over to run the White House complex, and I believe that's where I first got to know him. I mean, I kind of knew who he was because of his activities at NSC.

Q What did you know about his activities at NSC?

A Just that I believe he was staff secretary, and that's about as much as I knew.

Q How did you know that?

A I don't even know if he was staff secretary when I was there. I'm having a hard time figuring out when I knew people.

Q Well, the reason I asked the question is because you left the White House in April of 1985.

A I may have gotten to know Jonathan after that, I just don't know.

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Q Mr. Miller was not at the White House when you left, he didn't return until later. So my question was when did you get to know him?

A Again I believe it was when he was the administrative officer under Don Regan.

Q Did you know that he was involved with Rich Miller and Frank Gomez?

A Rich Miller at some point during my relationship with Rich and Frank said that they knew him, and that he had somehow--again, I am getting some of this from the papers--that he had worked at an office in the State Department that had responsibility for like public diplomacy, or something, and that is how they had known Rich Miller and Frank had known Jonathan Miller.

Q Did you get to know Jonathan Miller through them?

A No, I don't think so. I recall knowing him because of my being in the White House, and that when he took over from--it was John Rogers, another Regan guy, and that guy went to Agriculture Department, and when he took over I think that's the first time I ever sat down and had a meeting with him. I mean, I never remember having a meeting with him outside the White House; he was never at IBC. I just recall meeting with him in his office in the basement of the West Wing.

Q After you had left the White House?

A Correct. And that was in the admin office when he took over that job.

Q Why would you have been meeting with him if you didn't know him?

A Just because he had that position and I was frequently in there and met with Regan's staff on a very regular basis, and he was one of Regan's guys.

Q Did you tell him at that time that you were working for IBC?

A I can't recall, I just don't know.

Q Was there any discussion ---

A I mean, there wouldn't be a reason to be talking to him because his responsibilities had to do with the physical maintenance of a building, and he was basically admin officer.

Q But he also controlled White House passes.

A He did that, because he called and asked for mine back. But I had already had mine at this time.

Q How often are they issued?

A I think when we got ours in 1981 that there was not a new one issued until ---

Q So it wasn't an annual thing.

A Oh, no, I think it's like every three or four--it's whenever Secret Service--it's a Secret Service decision, whenever they decide it's time for security reasons to change the pass system, they do it. And they've gone to these--I can't think of the holograms where they have that little funny stripe that turns--and they did that so people couldn't fabricate fake passes.

Q Do you have a White House pass now?

A No, sir.

Q Do you have access to the White House?

A Only like any other citizen where someone has to clear you.

Q You are not on a list or something?

A Not that I am aware of.

Q Of people who are cleared.?

A Maybe on a different kind of list right now, a do-not-admit list--no, I don't even know if there are those kinds of list. The only way that I can get into the White House is like anyone else: you have to have someone call Secret Service and say this person will be at this gate, here's the Social Security number, date of birth, and would you please clear him.

Q You indicated a few moments ago that you met with Regan's people frequently.

A Correct.

Q What was the purpose of your meeting with these people?

A The primary contact I had was with David Chew, who was staff secretary. David and I had started a relationship, and a very good one, when he was working for Don Regan as Secretary of the Treasury, and David would frequently call me over to sit down, particularly at the end of the day, and sit and talk about things that were going on at the White House, concerns that they had, how--they particularly wanted feedback, particularly from the western states: how's Reagan doing, how is Don Regan doing, what are you hearing out there, we have this problem in this area, how would you handle it, can you give us recommendations on this--and a lot of it was they wanted feedback, I think, from a guy that they liked, a former Ronald Reagan guy who had been around for awhile, but yet was respected by Don Regan and them. And so I was viewed, I think, as a valuable source of feedback for them.

Q Were these people aware that you were being compensated by the people for whom you were arranging those meetings?

A Oh, sure, David Chew did and Don Regan did, yes.

Q Anyone else on Don Regan's staff?

A You know, I don't know, they may have.

Q What about Fred Ryan, did he know you were being compensated?

A I believe Fred did, too.

Q And Fred Fielding knew you were being compensated?

A Yes.

Q And Peter Wallison knew you were being compensated?

A Yes.

Q And did you say Bill Hauser?

A Well, Dick Hauser ---

Q Dick Hauser.

A I believe Dick Hauser may have been in on a meeting, so I believe he did.

Q He knew you were being compensated.

A I believe, I'm not too sure on Dick Hauser.

Q Did Linas Kojelis know you were being compensated?

A That I can't speak to; I mean, he was far enough down the ladder, I'm not so sure that that would have been a subject to discuss. I may have, but I just don't know. I doubt it.

Q Did Elliott Abrams know that you were being compensated?

A Only if Marty had told him. That's not the kind of thing I would have talked to him; we didn't have any kind of a social relationship. And my meeting with him was only those two--as I recall, were only those two occasions.

Q Did he wonder why you were there in January of 1986?

A Well, Marty is the one that set the meeting up. I don't know what Marty said to him, but knowing Marty I am sure he told him it was a client matter.

Q Did you participate in the discussion at all at that meeting with Elliott Abrams?

A I wouldn't call it a discussion; it was more a lecture or a monologue by Channell telling Elliott Abrams everything that was doing. When Spitz is in a room, he dominates it. I recall him just doing most of the talking.

Q But he was aware at that time that you and Marty Artiano had a relationship with IBC and with Channell?

A I would say that he had to, but what Marty told him I don't know. But knowing as careful as Marty is, I am sure he told Elliott that it was a business relationship and that it was a client matter, because Marty was always the one that insisted to me that, even though I would have done it anyway, be sure and tell Don Regan this is a client matter. And I can only suppose what he said.

Q I have no further questions, Mr. Fischer, thank you very much for your patience.

MR. WORK: Can I put one other thing on the record? We can go off the record while you decide whether I can or not.

MR. OLIVER: We'll go off the record.

[Brief discussion off the record]

EXAMINATION BY COUNSEL FOR THE WITNESS

BY MR. WORK:

Q Mr. Fischer, would you describe, please, your very first meeting with the independent counsel, tell us whether you had immunity at that time and what you did when you went to meet with him.

A I believe the first encounter with the independent counsel was in March of--I believe it was March of 1987. And it was a result of my request to meet with them to describe everything that I knew about it, and the reason for that was the people that I had been associated with were in the process of being investigated or subpoenaed, or whatever was going on at the time, and I just felt a real desire to go up there before any of that happened to me and fully explain my relationship to the parties involved and exactly what I knew. And I went up there. Even though the response from the attorneys was they didn't want to meet, didn't think it was necessary, we continued to insist, and in fact that led to a meeting in which I fully described the relationship with all of the principals involved--with no immunity.

Q And you told this whole story that you have been telling here today, is that right?

A Yes.

MR. WORK: Thank you very much for letting me put that on the record.

MR. OLIVER: I would like to ask just a couple of more.

FURTHER EXAMINATION BY COUNSEL FOR

THE HOUSE SELECT COMMITTEE

BY MR. OLIVER:

Q Have you discussed your deposition here today with any of the individuals who were mentioned today other than your lawyer?

A I told--Marty, of course, knew that I was going to have a deposition, as I knew he was having one. And I informed Rich Miller that I was going to have one.

Q Did you discuss with them questions that might be asked of you or questions that might have been asked of them?

A No; I did ask Marty how it went, and he said fine. It was a very general discussion; you know, they ask all the questions you would expect. The only thing that he did volunteer--and it was the only thing--was that there was a lengthy inquiry into his background and basically his qualifications to be someone involved in public relations. And that's as much as he told me. And he said that it was long, longer than he thought it was going to be.

Q He didn't tell you what questions had been asked other than that?

A No.

Q You didn't discuss any of the answers that he migh' give.

A No.

Q And other than Marty and Rich, there are no o' ^ others (?)

whose names have been mentioned today that you discussed ---

A No--other than my wife.

Q Have you discussed your testimony here or your involvement in this matter with any members or staff on this committee other than the people who have been here today?

A No, sir.

Q Not directly or indirectly?

A No.

Q Thank you, Mr. Fischer.

[Whereupon, at 6:20 p.m., the taking of the deposition in the above-entitled matter concluded]

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[illegible] REPORTER

I, Terry Barham, the officer before whom the foregoing deposition was taken, do hereby certify that the witness whose testimony appears in the foregoing transcript was duly sworn by me; that the testimony of said witness was taken by me and thereaftrer reduced to typewriting by me or under my supervision; that said deposition transcript is a true record of the testimony given by said witness; that I am neither counsel for, related to, nor employed by any of the parties to the action in which this deposition was taken; and, further, that I am not a relative or employee of any attorney or counsel employed by the parties hereto, nor financially or otherwise interested in the outcome of the action.

Terry Barham, Notary Public in
and for the District of Columbia

My commission expires May 15, 1989.

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UNITED STATES SENATE

SELECT COMMITTEE ON SECRET MILITARY ASSISTANCE TO IRAN

AND THE NICARAGUAN OPPOSITION

In the Matter of the Oral Deposition of:

EMANUEL A. FLOOR

* * *

BE IT REMEMBERED that on the 8th day of June, 1987, commencing at the hour of 2:00 p.m., the deposition of EMANUEL A. FLOOR, produced as a witness at the instance and request of the Associate Counsel, in the above-entitled action, was taken before RASHELL GARCIA, a Certified Shorthand Reporter and Notary Public in and for the State of Utah, at the offices of the U.S. Attorney's office, 350 South Main, Fourth Floor, Salt Lake City, Utah; and

That the deposition was taken pursuant to Subpoena.

* * *

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For the Witness:	Robert D. Radcliffe Attorney at Law 463 East 200 South Salt Lake City, Utah 84111

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* * *

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PROCEEDINGS

EMANUEL A. FLOOR,

having first been duly and legally sworn to state the truth, the whole truth, and nothing but the truth, was examined and testified on his oath as follows:

MR. PARRY: For the record, I would like to state that Mr. Emanuel Floor is here pursuant to a subpoena served by the United States Senate Select Committee on Secret Military Assistance to Iran and the Nicaraguan Opposition.

Mr. Floor is represented by his attorney, Mr. Robert Radcliffe, and Mr. Radcliffe and I have agreed to stipulate that all objections except as to the form of the question can be reserved.

MR. RADCLIFFE: Agreed and stipulated.

EXAMINATION

BY MR. PARRY:

Q Mr. Floor, I'd like to just start with some basic background questions.

Could you tell us your full name, where you were born and your educational background, briefly.

A My name is Emanuel A. Floor. I was born in Salt Lake City, Utah, December 3rd, 1935 and have lived in Salt Lake City all of my life with the exception of two years in which I was in Logan, Utah.

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by D. Sirko, National Security Counc

I was educated through the public school system of Salt Lake City graduating from West High School in 1953 and the University of Utah in June of 1957.

Q All right. After graduation, what career field did you go into?

A From 1957 and actually during college until 1964, I was involved in the advertising and public relations business. I worked for David Evans Advertising. I worked for the Salt Lake Tribune. I worked for KSL Television during that period. In 1964--actually, probably early '65--I went to the State of Utah and was the director of the Utah Travel Council for approximately two years and then in 1966, I went to Utah State University in Logan where I served as the director of institutional development.

In 1968, I returned to Salt Lake City and came back to the David Evans Advertising Agency. In '69, I went to work for Terracor and that's when I changed my career from the advertising/public relations field to the real estate field.

In '69 through '72, perhaps '73, I was with Terracor in a variety of assignments, finance, development and marketing. And then I was an independent consultant in '73, '74, and on January 1 of '75, I became the executive vice-president of AK Utah Properties Incorporated, which was the Khashoggi company engaged in the development of the Salt

Lake International Center. I was employed and associated with Mr. Khashoggi and the Triad companies through the end of 1986. Since late 1986, early this year, I've been associated with a public company, Longhorn Enterprises, Incorporated, which does business as Republic International Corporation, where I've been serving as a consultant and corporate officer.

MR. RADCLIFFE: Excuse me, Mr. Floor. Before you go forward answering any more questions, please respond to the question. The question was: What career field did you go into after college. I didn't object prior because Counsel would have got this information anyway, but in the future, please respond to the question, don't anticipate Counsel's direction.

THE WITNESS: Yes, sir.

MR. RADCLIFFE: Thank you.

Q (By Mr. Parry) Let's go back to when you first became associated with Adnan Khashoggi and AK Utah Properties, I believe, in 1975. How did you come to meet Mr. Khashoggi?

A In early October of '74, I was asked to look at the Salt Lake International Center project. I attended some meetings with Khashoggi representatives in late October. They offered me a position with the company in early December and I was hired by representatives of Mr. Khashoggi

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in December to start work January 1 of '75.

Q Who were the representatives of Mr. Khashoggi that you first dealt with?

A They were representatives of a company called Triad America Capital Management Incorporated, TACMI, and a company called TRACK, Triad America Capital Corporation. They had offices in the Los Altos/Palo Altos area of San Francisco. Mr. John McMahan was the businessman heading it up. Mr. Morton McCloud was an attorney and there was some other attorneys that may not have been directly involved with the company but were representing Mr. Khashoggi, Mr. Thomas Childers and Mr. David Berrado, and they were the people I met with. There were others, but those were principally the people I met with in late '74.

Q When did you first meet Mr. Khashoggi?

A I met Adnan Khashoggi for the first time in early April of 1975 in Paris at his Paris condominium.

Q And since that time, you've had numerous meetings with Mr. Khashoggi?

A Yes, many.

Q What was your position when you first came with the Khashoggi companies?

A In January of '75, I was the executive vice president of AK Utah Properties and a member of the board of directors of AK Utah Properties. And that company was the

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Salt Lake City based or the Utah based company that owned the International Center. In about April of '75, Mr. McMahan, who had been president of AK Utah Properties, resigned and I was elected president of AK Utah Properties and I have been--well, I've had a number of positions with the Utah companies. By the time I resigned, I think I probably resigned from 50 or 60 posts, but, essentially, I was president of AK Utah Properties. Then I became executive vice president of Triad America, which was subsequently created, and I was the president of Triad Properties, which was the real estate company within the Triad group.

Q You were never president of Triad America?

A No, I was not. I was a member of the board of directors of Triad America from its inception until I resigned.

Q And did Mr. Khashoggi control all of these companies?

A Mr. Khashoggi was the majority shareholder of the parent Triad America and his brother, Essam Khashoggi, was the minority shareholder. There were just the two shareholders early on. And in the early days, the chairman of the board was a U.S. based but in, oh, about 1980, Essam Khashoggi became chairman and through these various people, Mr. Adnan Khashoggi controlled these companies.

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Q There's also a company called Triad International. What is its relationship to Triad America and the other companies?

A Triad International is--well, there's actually a couple of companies that have that designation, one is Triad International Holding Company, a Cayman holding company which held the stock or may still hold the stock of Triad America and was owned by Mr. Adnan Khashoggi. There's also a company called Triad International Marketing, which is the name Mr. Khashoggi or others had given to his international marketing efforts. And there was also a Triad International that we organized in Utah but was never--we organized it as a company to preserve the name so other companies couldn't use the name, but it was never operated as another name.

Q Did you become responsible for or involved in most of the major financing for Triad America?

A I was involved in the financing for the real estate portion of Triad America, yes.

Q Was that primarily the properties in Utah?

A That included the properties in Utah, which were a major factor, but it also included properties in Florida, Texas, California and Memphis, Tennessee, which were all part of the group at one time.

Q Where did--let's talk about the Utah project. Where did the initial financing for that project come from?

A There were

Q And, again, in general terms.

A There were three Utah real estate projects of some size. The initial project, the Salt Lake International Center, was financed--the acquisition was financed by funds made available through the Triad organization before I joined the firm. Following the time I joined the company, Mr. Khashoggi arranged for financing through Credit Commercial de France and Continental Illinois Bank for a $6 million dollar funding that funded it. Subsequent projects were funded primarily by equity investment by the Triad organization, Mr. Khashoggi and his associates, into Triad America which were then filtered--which came into the Properties company and debt financing. So, it was a combination of investment capital and debt financing.

Q And was it Mr. Adnan Khashoggi who made the final decision on all financial transactions?

A Well, that's my understanding. Essam Khashoggi--we would go to Essam Khashoggi with our requests or our recommendations and our capital needs and he would indicate to us that he would talk to his brother and then, following those conversations, we would receive funds. In some instances, we talked directly to Adnan Khashoggi about funds.

Q All right. Beginning in 1985, it appears that

Mr. Khashoggi began dealing with Sarsvati International. Can you tell me briefly who Sarsvati International is and when that relationship began.

A My first contact with that entity was in late October of '85. Mr. Khashoggi introduced me to a Mr. Ernest Miller and indicated to me that he represented that he was Sarsvati and that Sarsvati International was an entity somehow associated with a religious man from India that we referred to as Swamiji.

Q Do you know the full name of Swamiji?

A I can't recall it, but I've seen it a couple of times.

MR. PARRY: If you want to mark this as an exhibit, we can, but I think that's the name.

MR. RADCLIFFE: Is that him?

THE WITNESS: Yes. The name Swamijimaharaji as printed in this article, that's the Swamiji part of it. I can see now where it came from.

MR. PARRY: Okay. For the record, perhaps we should just make this an exhibit. It appears to be either a newspaper or magazine article that refers to the Swamijimaharaji.

(Exhibit 1 was marked for identification.)

Q (By Mr. Parry) Now, just to clarify, you first met

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Ernest Miller--and is he also the individual referred to as Walter E. Miller?

A Correct.

Q So, Ernest is his middle name but he goes by Ernest; is that your understanding?

A He's always preferred Ernie or Ernest, Ernie when I've had discussions with him.

Q When you first met this gentleman in October of 1985, was it in his capacity as a representative of the Swami?

A Yes. I was in New York City, the Swami was in New York City, Mr. Miller was there, Mr. Khashoggi was there. They had had some meetings at Mr. Khashoggi's residence in the Olympic Towers and Mr. Khashoggi indicated to me that he wanted to enter into a business transaction. I was introduced to Mr. Miller as, you know, the business manager of the Swami. Mr. Miller and I were to work out documentation regarding the transaction.

Q Okay. Before we get into the transaction, was it also your understanding that the Swami was a representative of a third party?

A I wasn't certain. There was a--there was an advisor to Swamiji who was involved with Mr. Miller that I understood was also a representative of the Swami and I was told that Mr. Miller represented many wealthy people, but

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I'm not sure what the relationship was at that time.

Q Who was this other individual?

A We referred to the other individual as Mamaji and I--this person was of the same derivation as the Swami and tended to be sort of the spokesman for the Swami in business kinds of matters and religious matters. I apologize for not knowing his full name, but I met him on several occasions and chatted with him.

Q He would normally be with the Swami?

A He was generally traveling with the Swami and in all the times--in all the instances when I ran into the Swami, when I was in meeting when the Swami was nearby, this person would attend the meetings and talk about the business transactions.

Q Okay. Back to October of '85, did either Mr. Miller or the Swami lead you to believe that they were representing the Sultan of Brunei?

MR. RADCLIFFE: Excuse me, there's been no statement that Mr. Floor had contact with the Swami.

Q (By Mr. Parry) Is that correct? Had you had contact with the Swami in October?

A Well, I met the Swami and had meetings with him--I met him, but I met him later after the business deal was put together.

Q All right.

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A I was told by Mr. Khashoggi that Mr. Miller was a business advisor to the Sultan of Brunei. I don't recall being told that the Swami and the Sultan were necessarily linked, but Mr. Miller was linked to both of them.

Q And who told you that?

A Adnan Khashoggi.

Q Did Mr. Miller ever tell you that himself?

A No, not that I can recall. Well, my meetings with Mr. Miller extended into the next year and I believe it was Mr. Khashoggi who told me that and Mr. Shaheen who told me that. I'm not sure that Mr. Miller ever disclosed it.

Q You've referred to a Mr. Shaheen?

A Shaheen.

Q Who is that?

A Robert A. Shaheen is a chief of staff individual for Mr. Adnan Khashoggi and, in all of the time I had anything to do with Mr. Khashoggi, Mr. Shaheen was in that role and had been for some time before.

Q All right. Now, there have also been references in various articles to a John Shaheen. Have you ever met that individual?

A I have not met John Shaheen.

Q Do you know if he is any relation to John Shaheen?

A I'm not aware of any relationship. I don't know that much about Mr. Shaheen's family.

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Q Just to clarify, did the Swami, to your knowledge, or Mr. Miller have their own business transactions that were not related in any way to the Sultan of Brunei?

A I believe they did.

Q So it was possible that this transaction in October could have or could not have had anything to do with the Sultan of Brunei?

A That is correct.

MR. PARRY: Can we mark this as Exhibit No. 2?

(Exhibit 2 was marked for identification.)

Q (By Mr. Parry) Mr. Floor, I'd like to show you and your counsel Exhibit No. 2, which is a document that you have produced to the Committee pursuant to the subpoena, and I'd like you to tell me what that document is.

A This document is a copy of a Stock Purchase Agreement that we prepared on the 30th day of October, 1985 relating to the transaction between Mr. Khashoggi and Sarsvati International. The name in the document is Sarsbati, S-a-r-s-b-a-t-i, and the correct name is Sarsvati, S-a-r-s-v-a-t-i. This document was subsequently replaced by one that had the correct spelling and it was that document that was signed by both parties. But this was the document which I had prepared and faxed to New York for signature.

Q Have you produced the edited copy that has the

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correct spelling?

A I believe that it's an exhibit to the documents later produced. Can we go off the record for just a second?

Q Sure.

(An off-the-record discussion was held.)

MR. PARRY: Let's have this marked.

(Exhibit 3 was marked for identification.)

Q (By Mr. Parry) Let's go back on the record. We've been referring to Exhibit 2, which is a draft Stock Purchase Agreement. I'll now show Mr. Floor Exhibit 3, which is a series of agreements with routing slips in front that--

MR. RADCLIFFE: How many total pages do we have there? Why don't you count them out.

THE WITNESS: Twenty-nine pages.

MR. RADCLIFFE: So, the exhibit consists of 29 pages.

Q (By Mr. Parry) Yes. Now, Mr. Floor, to the best of your knowledge, does Exhibit 3 contain the final version of the Stock Purchase Agreement represented by Exhibit 2?

A Yes, it does.

(Exhibit 3-B was marked for identification.)

THE WITNESS: It is an exhibit to the agreement.

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You've marked it as Exhibit 3-B.

Q (By Mr. Parry) All right.

A And that is the final document which was the result of the negotiations in New York and subject to some changes that occurred between the two dates.

Q And Exhibit 3-B is dated November 15th?

A The 15th day of November, 1985, and the word Sarsvati is correctly spelled.

Q All right.

A And it is signed by both Adnan Khashoggi and the other signature for Sarsvati, that's Mr. Miller's signature. That's Walter Miller's signature.

Q And that is on page 4 of Exhibit 3-B, it appears?

A Correct.

Q All right. Now, Exhibit 3-B incorporates other financing agreements in addition to the one originally discussed; is that correct?

A Correct.

Q Can you summarize the various loans or agreements that are incorporated in that document? Now, I'm not asking for your legal conclusions as to what exactly the agreements require, but just a general summary of your understanding of what those agreements were.

MR. RADCLIFFE: His understanding as a layman?

Q (By Mr. Parry) Yes.

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A Exhibit 3 is a collection of the loan documents that relate to a series of transactions between Mr. Khashoggi, Sarsvati International, and other entities that were the result of meetings in the Cayman Islands in early March, 1986. One of the transactions was a consolidation of three earlier loans, one of which is the loan referenced as Exhibit 2 and subsequently closed and this referenced as Exhibit 3-B. Could we go off the record again for a moment?

Q Sure.

(An off-the-record discussion was held.)

Q (By Mr. Parry) Let's go back on the record. Going back to Exhibit 3-B which is dated on the front page November 15th, 1985, and appears to be executed by Triad International Corporation, Triad America Corporation, Adnan Khashoggi and Sarsvati International--

A Correct.

Q --did you witness the execution of this document?

A I did not.

Q Can you tell me what your knowledge is as to when, where and by whom this document was executed?

A I believe the document was executed by Mr. Khashoggi and Mr. Miller on November 15th. I'm not sure where they were at the time. This document--a copy of this

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document was sent to us in Salt Lake City for our files and a copy of this document was presented to me at the meetings in the Cayman Islands and was represented to me by Mr. Khashoggi and Mr. Miller and others as being a copy of the agreement they'd entered into.

Mr. Khashoggi and Sarsvati had entered into three loans and this was one of the three. At the same meeting in the Cayman Islands, I was given the Promissory Notes of the other two loans and that is copies of them. I was told that all three loans had been entered into and that it was the desire of the parties to consolidate the loans. So, Mr. Khashoggi and Mr. Miller and Mr. Miller's advisor, Mr. Fraser, told me that the assignment was to consolidate these three loans into a single loan.

Q Now, you referred to a meeting in the Cayman Islands.

A Yes, sir.

Q When did that meeting take place?

A That meeting took place on March 4th, 5th and 6th of 1986.

Q All right. Can you tell me who attended the meeting or meetings on those dates?

A The meetings included--there were two or three--there were different sessions but, essentially, present some or all of the time were Adnan Khashoggi, Robert Shaheen,

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Walter Ernest Miller, Donald Fraser, and Mr. Ivan Burges was in the offices. We were in the offices of Euro Commercial Bank. He was not, however, privy to the meetings discussed in the transactions. There was an attorney, Mr. Graham P. May, whose offices were in the same building, or near--yes, the same building--and he attended most of the meetings.

There were a couple of meetings where all of the parties were present and then there were meetings where Mr. Fraser and I and Mr. May negotiated the transactions which were consummated at that time.

Q And all three loan transactions were discussed at one or more times during these meetings?

A Well, the consolidation loan was discussed as were other loan transactions that were discussed, yes.

Q Okay. Can you tell me what the substance of the discussions--or what were the purposes of the loans and who was actually doing the funding?

MR. RADCLIFFE: You're talking about the March '86 meeting?

Q (By Mr. Parry) Yes.

A Mr. Khashoggi and I and some other staff flew to the Cayman Islands from New York City early the morning of March 4th, as I recall, and we were to discuss a series of financings involving Mr. Miller and his entities. There were to be three basic loans. One was to be a consolidation

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of the three earlier financings entered into between Mr. Khashoggi and Sarsvati, and I've referred to--I refer to that as the $21 million dollar loan, which was the sum of the three loans added together. There was an $8 million dollar loan, a $7 million dollar loan, and a $6 million dollar loan, which together represented the $21 million dollars.

A second loan, which we discussed, negotiated and closed, was a $9 million dollar loan between a bank that Mr. Miller and Mr. Fraser controlled and Triad America. And this loan was to finance certain Triad America obligations.

The third loan, which was discussed and signed, was a $10 million dollar loan, which we characterized as a loan to facilitate certain international marketing.

So, those were the three loans, the $21, the $9 and the $10.

Q All right. Before we get on to what was discussed, the $21 million dollar loan, was that intended to fund Triad America in any way?

A Well, the $21 million dollar loan, we signed in the Cayman Islands. All the money had been funded and of the $21 million dollars, $3 million dollars had come to Triad America, which was a part of the loan that was written up originally in late October and closed subsequently on November 15th. There was a $6 million dollar loan which was

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dated in the documents, the Promissory Note, as January 5th, 1986, and there was the $7 million dollar loan which was dated November 18th, 1985. None of those funds came to Triad America.

My understanding is those funds went to Adnan Khashoggi or his designees. I might point out, too, that during the meetings in the Cayman Islands, there was some debate as to when the January 5th loan actually had closed and Mr. Khashoggi told me that that money had actually come to him prior to the loan that we documented in New York and that it was done, in a sense, on a handshake. We dated the note January 5th because no one could remember what the date was that the money actually moved.

There was also some discussion about whether the total was $21 or $22 million. Mr. Miller thought it was $22 million, and Mr. Khashoggi was sure it was $21 million. They made a phone call to either Swamiji or the Mamaji and determined that it was $21 million, and so there was some clarification as to the $21 million dollars of funding that went on during this March meeting.

Q Was that an unusual circumstance to someone to extend $6 or $7 million dollars on a handshake or is that the way Mr. Khashoggi often does business?

A I thought it was an unusual situation. I'm not sure how that kind of business is done but I thought it was unusual.

Q To your knowledge, had that been done before when Mr. Khashoggi--

A I don't know about all of Mr. Khashoggi's loan transactions. It had not been done in the other transactions in which I had been involved but I hadn't been involved in all of them, certainly.

Q And when was this money extended to him?

A Well, what I was told in the Cayman Islands by Mr. Khashoggi and Mr. Miller and Mr. Shaheen was that the $6 million dollars was the first of the three transactions and that it occurred prior to my meeting Mr. Miller in New York.

Q Prior to October of 1985?

A Yes. And then we did the October loan, which closed in November, which sort of set a pattern of documentation. Then there was the third loan that was funded shortly after the second loan was funded. Then in the Cayman Islands on March 6th, we properly documented the three transactions.

Q Let's go to the $9 million dollar loan. That was intended for Triad America?

A Yes, sir.

Q And was that funded?

A $1 million of the loan was funded while we were meeting in the Cayman Islands. Money was wired to Salt Lake

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city. Additionally, about $6 to $700,000 was funded prior to my leaving the company in early September of '86. I do not know whether any other part of it was funded.

Q To your knowledge, you only know that approximately $1.7 million dollars of the $9 million dollars was actually funded then?

A Yes, and there was no question that that's all that was funded through late August of '86. After that time, I'm not sure what was done.

Q Do you know why additional funding or the complete $9 million wasn't funded at the time?

A I was told that the groups that Mr. Miller and Mr. Fraser represented--that they themselves would make the decision about what portion of the loans would be funded. When we closed the loan--I'm sorry, when we signed the loan in the Cayman Islands, the $9 million dollar loan, I provided a schedule of payments that were to be made under the loan. My understanding was that the loan would fund that schedule.

However, we met again before the end of March in Geneva to work out complications in the final documentation of the loans and it was determined at that time that Mr. Miller and Mr. Fraser would, in their judgment, alone make decisions about how the loan would be funded. And the amount funded was what they deemed appropriate and they

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weren't willing to fund the rest.

Q Now, the $10 million dollar loan, which was designated as intended to finance international marketing-- is that the term?

A Yes, sir.

Q What was the understanding or what were you told was the international marketing--or what was the merchandise that was going to be marketed?

A I was advised in the Cayman Islands that the merchandise to be marketed was weapons.

Q Any specifications as to the type of weapons?

A No; military hardware. Weapons was the general term used.

Q What was their destination?

A Iran.

Q Do you know what their origin was?

A No, I don't. I was told that the sellers of the weapons wouldn't release them without the money and that the buyers, Iran, would not buy them without the weapons, and that it required financing to bridge the differences between the parties.

Q Okay. And was it at the meeting in the Cayman Islands--was that the first time that you were told that the financing related in any way to weapons?

A Yes, sir.

Q Now, was that the first time that you had been told that Iran was involved in any way in the international marketing?

A Yes, sir.

Q Who told you this?

A Adnan Khashoggi told me--told all of us in a meeting--in one of the meetings in the Cayman Islands--the transaction was actually a series of transactions and the $10 million dollars was actually going to fund the joint venture between Vertex--at least it was proposed in the Cayman Islands that it would fund a joint venture between Vertex and Adnan Khashoggi and that Euro Commercial or one of Mr. Miller's entities would fund a $10 million dollar loan to Mr. Khashoggi. Mr. Khashoggi would convey the $10 million dollars to a joint venture to be known as Trivert International, that Trivert International would then enter into the transaction which was described to us.

Q All right. Now, we've gone from Sarsvati to Vertex.

A Yes.

Q Do you know who the principals were or who controlled Vertex?

A I was told that Mr. Walter Miller controlled Vertex and that Vertex was somehow related to Sarsvati. All of the Sarsvati loans were assigned to Vertex as a part of the

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transaction in the Cayman Islands.

Q Was it your understanding then that the Swami was also involved in Vertex?

A It was my understanding that the Swami was involved in all of the things we were talking about, that is, all of the companies, all of the entities, but I'm not certain as to what relationship he had.

Q Was anything ever said to you or was anything ever done that would lead you to believe that the Sultan of Brunei was involved in Vertex or with these dealings?

A Not directly.

Q Indirectly?

A Well, I was told that Mr. Miller represented many very wealthy people and that Vertex was a vehicle through which some of that money was invested on behalf of these individuals. I was also told that Mr. Miller represented the Sultan of Brunei. I was not told that the Sultan of Brunei's money was involved in Vertex but I was also--I mean, it was never a question that was raised. I don't know.

Q Now, you have met the Sultan yourself, haven't you?

A Yes, sir.

Q Can you tell me about--has it been more than one occasion?

A No, sir, just on one occasion.

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Q Can you tell me what the purpose for that was?

A Well, there were two or three meetings during one trip.

Q Can you describe that trip? Tell me the purpose of the meetings and who was there.

MR. RADCLIFFE: When did it take place?

Q (By Mr. Parry) Yes. Thank you.

A In March of 1985. I'd have to check my passport to get you the specific date. I was asked by Bob Shaheen and Essam Khashoggi to prepare a proposal for the Sultan of Brunei in which the Sultan of Brunei would be asked to invest substantially in Triad America. With my associates in Salt Lake, we prepared the presentation, which was essentially a summary of Triad America's operations, financial statements, opportunities, and a series of proposals. We did this in consultation with Mr. Khashoggi-- Adnan Khashoggi and his brother, Essam, and we prepared that document.

I took my copies of the document and flew to Hawaii where I met up with Adnan Khashoggi and his party, and Essam Khashoggi and his family were already in Hawaii, and together we left Hawaii and flew to Brunei on Mr. Khashoggi's DC-8.

We prepared a videotape on the ten years of Triad America's operations in Utah. We prepared financial

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statements and a presentation and we took along some gifts and other items.

We flew to Brunei. We arrived early in the day. On the day of arrival, we were escorted to a guest house, a lovely guest house, and all of us stayed there. We then met with the Sultan of Brunei at the Khashoggi DC-8 and we made our presentation to him, showed him the videotape and outlined the presentation.

That evening, we were all invited to dinner at the Sultan's residence. The Khashoggis, their wives and others were in the party and we made a--we repeated the presentation to the Sultan's financial advisor at the dinner--after the dinner.

Q This was well before there was any discussion with Mr. Miller or Mr. Fraser?

A Yes, this was in March of '85 and the first meeting with Mr. Miller was in the fall of '85.

Q All right. So, to your knowledge, you had no knowledge that the Sultan had any connection with the meetings in the Cayman Islands or those financial transactions?

A Not until on the way to the Cayman Islands that next year, a year later. Mr. Khashoggi--well, let me say this: We made our presentation. The Sultan's advisor said that they would take the matter under advisement.

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Subsequently, we were told the Sultan turned down the investment opportunity.

That fall, around October when I was in New York, Adnan Khashoggi said to me that Mr. Miller was very important because, after all, he was the Sultan's advisor as well. He said the reason we were turned down is they didn't like our deal and he said these are important people for us to get to know and, following the October meeting--

Q And by "they", you mean Miller and Fraser?

A Miller and Fraser. Following the October and November loan closings, Mr. Fraser and Mr. Miller came to Salt Lake City to tour the Triad America operations and I was again told that they, Mr. Miller and Mr. Fraser and the people they represented, might have an interest in investing more in Triad America. The trip to the Cayman Islands in March was again a part of that ongoing process.

Q Let's go back to the discussion of the weapons deal. I'd like to show you another document that you've produced. Let's have this marked as the next exhibit.

(Exhibit 4 was marked for identification.)

Q (By Mr. Parry) I'm referring to the discussions at the March meetings in the Cayman Islands beginning March 4th. I'd like you to look at Exhibit 4 and identify that document.

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A Exhibit 4 is a photocopy of a document I have in my files which was a sketch or chart or drawing prepared by Adnan Khashoggi to illustrate to Mr. Miller, Mr. Fraser, myself--and perhaps the attorney was in the room--the transaction which was to be contemplated--which was contemplated by the $10 million dollar loan.

Q All right. And who was present when this document was created?

A Well, I know for certain Mr. Donald Fraser, Mr. Miller, Mr. Adnan Khashoggi and myself were in the room. I'm not certain whether Bob Shaheen was in the room at the time and I'm not certain whether Mr. May, the attorney, was in the room, but I believe so.

Mr. Khashoggi and Mr. Miller and Mr. Fraser and Mr. Shaheen and I had met when we first arrived in the Cayman Islands and we had talked generally about the three loans.

Mr. Khashoggi and Mr. Shaheen left the island by plane and went somewhere else--I think they went to Florida, I'm not sure--and they were gone for about a day, day and a half. While they were gone, Mr. Fraser and I were to conclude the negotiations of these loans. Mr. Khashoggi was to come back, we were to go over the loans and sign the documents. It was rather clear that my understanding of the $10 million dollar loan and Mr. Fraser wasn't what

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Mr. Miller's understanding was. There was some confusion about how Mr. Miller and his associates would participate in some profits.

And so when Mr. Khashoggi came back, we explained to him what our understanding of the transaction was. He says, Oh, no, it's a joint venture, what's mine is yours, what's yours is mine, we're going to be partners. And so he took out my yellow pad and he sketched a transaction in which--and he explained how the $10 million dollars of funds would move from Triad International Marketing--

Q Maybe we can walk through the document as he drew it so we'll know what you're talking about. You're pointing at a square at the top of the page?

A Yes, there's a square at the top that has TIM, Triad International Marketing, and he said that the money, the $10 million dollars, would go into a joint venture and that the $10 million dollars would go--and he had a box with a "Y", and he said, "This is where we buy the arms." Then he drew an arrow down to a box in which he put the words "Iran". Then he drew a line back up through a box in which he wrote the name "Monacur Gobonafar". He wrote a name at--he was trying to pronounce it and he wrote it out and, you know, it's obviously the name of Manucher Ghorbanifar [redacted].

Off to the right, he wrote "Credit Swisse" and he wrote $10 million dollars back into the joint venture, and

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then the $10 million dollars became the $11 and the--the square actually starts with "Credit Swisse". In other words $10 million dollars from Credit Swisse goes into this venture, the venture buys the arms, the arms are shipped to Iran, Iran pays for the arms, except when the money comes back through, it's $11 million dollars, and there was to be a profit. Part of the profit was to go to Triad International Marketing and part of the profit was to go to others, including something that he described as BCCI, and then he put $40 million dollars, "40,000" and underlined it and indicated that this $10 million dollars would go through four times producing $40 million dollars of sale and, therefore, additional profit.

Following his laying out of this transaction, we then rewrote the document and everybody went off to have lunch and the attorney and I busily worked at rewriting the document to create the entity, Trivert International, and form the joint venture which the document contemplated. Then we even went so far as to prepare the Promissory Note where Mr. Khashoggi would owe the money to Vertex and then Trivert would owe the money to Mr. Khashoggi, and we had other documents that were involved.

Q All right. Let me interrupt you. The attorney you're referring to is Mr. May?

A Yes, Graham P. May.

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Q Another question. You're referring to the joint venture as Trivert in the subsequent agreement. The name in the box that you have indicated as the joint venture--Mr. Khashoggi has a different name. Do you know what that name is?

A No. Well, he referred to some vehicle. I thought he used the word Garnet, the name Garnet.

Q Okay.

A But the Trivert name, actually what happened at the top where "TIM" is, he put a box and he put an "X" in it and that was going to be the joint venture. The point he made was that Triad International Marketing had the agreement but because of this financing, that Trivert would have it. And so Trivert took the place of Triad International Marketing, is my understanding of this document.

Q That is, Triad and Vertex--is that the derivation?

A Yes, that's how they came up with the name.

Q Now, the box with the "Y" in it--

A Yes.

Q Did he say anything to indicate who that person or entity was?

A No, it was the source--and I'm not sure whether it was one source or several sources--that's just--the weapons were going to come from "Y".

Q Okay. Now, did he ever mention the involvement of

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the Israeli government or Israeli citizens?

A Not in my presence. I have no idea what he said to Mr. Miller separately but not in my presence.

Q Was Manucher Ghorbanifar ~~Monseur Gobonafar~~ the only individual that he specifically named as being involved in the transactions?

A Yes, sir. He referred to his associates two or three times. He said, "These are my associates," and when he wrote BCCI down, he said some name but I can't recall what it was.

Q Now, at these meetings in the Cayman Islands or at any future time, did he indicate the identities of any other individuals involved in the arms transactions?

A Not to me.

Q Did he ever indicate the involvement of United States Government officials?

A Not that I recall.

Q Did he ever make mention of involvement of a Mr. McFarland or Poindexter or North?

A Not in my presence that I can recall.

Q So, as far as you knew, there was an arms transaction to Iran but you did not know the source or who was involved other than Manucher Ghorbanifar ~~Monseur Gobenafar~~?

A That is correct, but it was not just a transaction, there were to be a series of transactions and Mr. Khashoggi told me that he hoped in the future there would be

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substantially more business because of this.

Q Involving weapons or other products?

A He just said this would open up a big market. That's all he said.

Q And you understood that to mean Iran?

A That's right.

Q Did he or anyone indicate at these meetings or any other time that there had been previous transactions involving weapons to Iran?

A It's my recollection that when he described this transaction on Exhibit 4, he described it as something that had been done before but he didn't talk about dollars or times or places, it was just my impression that he needed substantially more money to do what needed to be done.

Q What was to be the collateral for the arms financing?

A Mr. Khashoggi in the Cayman Islands--we signed a loan agreement which provided that Mr. Khashoggi's holdings in the stock of American Barrick would be the collateral for this loan as well as stock of Triad America Corporation. Now the American Barrick stock was really not--actually, there was a company called Horshem Securities, Limited which had a beneficial interest in stock and the agreement was that the note would be secured by an assignment of the Trivert note. In other words, he would borrow the funds,

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give it to Trivert, take the Trivert note and assign that, plus the American Barrick stock through Horshem Securities plus some Triad America stock. The American Barrick Resources asset had a previous assignment to it, to another entity, and they took it subject to that.

Q Do you have any knowledge as to whether this $10 million dollar loan for the arms transaction was ever funded?

A I don't know whether the loan whose documents we saw in the Cayman Islands was funded, but I'm satisfied that a subsequent $10 million dollar loan was funded. Well, I believe a second $10 million dollars was funded and the reason I say that is Mr. Khashoggi--following the Cayman Islands meetings and following the meetings in Geneva which occurred later in the month, Mr. Khashoggi was extremely anxious to get the $10 million dollar loan closed. All of the transactions relating to Triad America in these loan documents had to be consummated in order to close the loans. Following all of this discussion and these transactions and following the arrival of Mr. Miller and Mr. Fraser to take over the operation of Triad America, they subsequently disengaged, and during the disengagement process, we were to pay certain legal fees to their Salt Lake based attorneys but not the legal fees relating to a $10 million dollar loan to Adnan Khashoggi which closed in late April.

So, I personally believe that the loan we contemplated here closed or there were two $10 million dollar loans and I don't know which it is.

Q You referred to a subsequent meeting in Geneva. When did that occur?

A March 17th or 18th--and maybe on both days. Following the meeting in the Cayman Islands, I flew to Geneva to take care of certain paperwork relating to these transactions and to take care of other business.

Mr. Khashoggi flew to France. His sister died in Cairo and he flew to Cairo for the funeral. In the meantime, documents were being prepared in Salt Lake City by counsel for Triad America and for Vertex, Euro Commercial, et al, and disputes had arisen regarding the final nature of the transaction, final details.

I had sent all of the documents in Exhibit 3 from Geneva to Salt Lake to be forwarded to various people that needed to have them. Well, in the negotiation or the discussion with the attorneys, it became clear that there were some disputes as to what was intended on some of the documents and so Adnan Khashoggi and Bob Shaheen and Mr. Miller, Walter Miller, and Mr. Fraser and Mamaji and Tariq Kadri, another member of the tribe--and me all met in Geneva to discuss the transaction one more time. And those meetings were held approximately the 17th and 18th of March.

Q Where in Geneva were they held?

A They were held in Mr. Khashoggi's suite at the Noga Hilton Hotel, I believe on the fourth floor. I can't remember for sure. And they were held in Mr. Khashoggi's suite.

Q You mentioned a Tariq--

A Kadri, K-a-d-r-i, yes.

Q Is he a Saudi national?

A No, he's an American citizen born in California. He has a--I believe his parents were Iraqi but I'm not sure, which is--

Q He's another American executive?

A American executive of Triad America, yes. He's an attorney, graduate of Georgetown.

Q After March of 1986, did you have any further discussions with Mr. Khashoggi or anyone else regarding the financing of the arms transactions?

A Not directly. Following the March Geneva meeting into late March and into April, I was on the phone several times with Mr. Khashoggi trying to get the Canadians--I refer to Mr. Fraser and Mr. Miller as the Canadians--to get these loans that we negotiated closed, and he, on two or three occasions, told me that the $10 million dollar loan should get closed, but we did not discuss the purpose of the loan again or any of those sorts of things.

Q I'd like to go a little deeper into your involvement with the Canadians. When you say the Canadians, you mean Mr. Fraser and Mr. Miller?

A Yes, sir.

Q Was it after these meetings in March that they began to play an active role in the management of Triad America?

A Well, yes. At the Geneva meeting, it was agreed that the board of directors of Triad America would be reconstituted from its then three members to six members. Mr. Fraser and Mr. Miller and Mr. Ivan Burges, who was at the bank in Cayman, would be three directors appointed by Vertex. And Mr. Essam Khashoggi, Mr. Tariq Kadri and I would be three directors appointed by Triad, and that Mr. Fraser would become the president of Triad America and that in the case of a tie, Mr. Fraser would vote the tie-breaking vote or the casting vote. He referred to it as the casting vote.

And so the decision was made in Geneva that Mr. Miller and Mr. Fraser would operate the company and it was agreed that they alone would decide how the funds were to be used from the $9 million dollar loan. I offered my resignation at that time and was told, No, that they wanted us to continue. So, Mr. Kadri was to set up energy operations and I was head of real estate operations. We were both still on the Triad board.

They came to Salt Lake City following the Geneva meeting within two or three days and proceeded to implement their management of Triad America. So, they took not only an active role, they took control of the company on about March 20th of 1986.

Q And so from that time until the time you left Triad America, Mr. Miller and Mr. Fraser have been in control of the company and of the properties?

A No. No, they were in control until late April, maybe early May, when serious problems were developing in the operation of Triad America and I advised the Khashoggis that I felt Mr. Miller and Mr. Fraser were destroying the company, not saving it. It was agreed then that Mr. Miller and Mr. Fraser should disengage from Triad America.

So, Mr. Tariq Kadri and Essam Khashoggi and Mr. Adnan Khashoggi had meetings in New York City and in Paris and in a couple of other cities with Mr. Miller and Mr. Fraser trying to work out some kind of disengagement.

It was during this period that the disengagement memoranda were prepared by Parsons, Behle + Latimer.

Q Maybe we should mark those as an exhibit.

MR. RADCLIFFE: Collectively?

MR. PARRY: Yes.

(Exhibit 5 was marked for identification.)

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Q (By Mr. Parry) Look at that and count the pages.

A There are 29 pages.

Q All right. Are you familiar with Exhibit 5?

A Yes. I believe there are 30 pages.

Q Thirty pages. Can you tell me what these 30 pages represent?

A Yes, this is a copy from my files of a telefax that was sent from Parsons, Behle & Latimer to my office in Salt Lake City relating to the disengagement of the Vertex interest from Triad and what it was, actually, is the law firm of Prince Yeates had prepared the documents --

Q Who did Parsons, Behle & Latimer represent and who did Prince Yeates represent?

A Parsons, Behle & Latimer represented Triad America and Prince Yeates represented Vertex, Mr. Miller, Mr. Fraser, Euro Commercial--let's say the Miller interests.

Q All right.

A Prince Yeates--following the meetings held in Paris and New York and elsewhere, there was discussion that there should be a separation or settlement agreement. Prince Yeates on behalf of Mr. Miller and others prepared a release and other documents which would unscramble the egg, if you will, which would release the various parties and which would separate the parties but it clarified certain issues.

Well, this document was prepared, this particular

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draft was prepared, by Prince Yeates and was sent by photocopy over to Parsons Behle who then sent the photocopy on to us and, hence, across the top there are two series of numbers, one from the Prince Yeates law firm sending it to PBL and one from PBL sending it to us. This was sent to us to determine--to review and it was sent at night. We were all working late. This was sent to tell us what was being proposed as a separation.

From this document, it was determined that there would have to be subsequent meetings and there were subsequent meetings and, finally in June, a final release document was signed separating the parties. And so this is a draft of the release that was subsequently signed, and I suspect that somewhere in my files, I have a file copy.

Q So there was a disengagement that actually took place?

A Yes, sir.

Q And when did that occur?

A It occurred in June. I'd have to check the dates, but in my recollection, it was about the middle of June, middle to late June.

Q After the end of June, did you have any further communications with Mr. Miller or the people representing that group?

A No, not--well, yes, I did. In late August, June

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and July and early August, we attempted to solve the Triad America problems. Mr. Adnan Khashoggi came to Salt Lake on two or three occasions to meet with banks. By then the company was having serious financial difficulty and was unable to meet its obligations. On August 22nd, which I believe was a Friday, the Triad America board met in Salt Lake City for some meetings and Mr. Ernie Miller and Don Fraser were in the building at the same time. Mr. Adnan Khashoggi had meetings with them and then meetings with the board and then brought us all together and announced that Mr. Miller and Mr. Fraser were going to come back in and take charge of Triad America once again, that they had agreed to fund certain immediate obligations that had to be funded and that at that time, Essam Khashoggi resigned as chairman and director and president of Triad America. Adnan Khashoggi then became chairman, Mr. Fraser became president and I continued as executive vice president and director.

Again, I offered my resignation to Mr. Khashoggi. He didn't want to accept it; however, on August 26th, I did resign as a director and on September 3rd or 4th, I resigned all of my posts with Triad. So, they came back in and continued to operate Triad America. I have no idea what their current status is.

Q So, since your resignation was accepted in--

A Early September.

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Q Early September, have you had any further communications with Miller and Fraser in their organizations?

A I've talked with Mr. Fraser in person and by phone on two or three occasions regarding my separation agreement. Mr. Khashoggi signed certain documents which promised certain payments which have not been made and I discussed those matters with Mr. Fraser.

I also discussed with Mr. Fraser certain litigation against Triad America in which they wanted my assistance, and I guess the last conversation I had with him was prior to the first of this year.

Q During any of those conversations since your resignation, did they specifically discuss Mr. Khashoggi's default on the $10 million dollar loan to finance the arms transactions?

A No, they did not.

Q Has there been any discussion between you and Mr. Miller or Mr. Fraser regarding the arms transaction since the revelations in the media by Mr. Meese of the arms transactions?

A No.

Q Have you had discussions with Mr. Khashoggi or any of his representatives since the revelations in the public regarding the arms transactions?

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A Well, I've certainly had conversations--yes, I have had.

Q Regarding the arms transactions?

A Since the disclosure was made to the public, yes.

Q Can you tell me what those conversations were and who was involved?

A Yes. I want to characterize them correctly. I had conversations with Mr. Shaheen regarding Mr. Khashoggi's various appearances on the news media. Following his appearance on the Barbara Walters Show, I called him, talked to Shaheen, and talked to Mr. Khashoggi. I told him that I thought his presentation was clear and coherent and I thought he looked good. It was sort of a courtesy call. We did not discuss the substance of the matter.

Then following the disclosures made, many news media representatives called me and wanted my comments and asked questions regarding Triad America's involvement. And other than the conversations I had in the Cayman Islands, which I disclosed to a couple of people, there was no other involvement.

I did on occasion call Mr. Khashoggi and Mr. Shaheen and say, Hey, I'm talking to CBS Morning News or I'm talking to somebody, and they--I'm the only guy that defends Adnan's paying his bills and my focus was primarily on his role in Salt Lake City.

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On one occasion, I discussed with Mr. Shaheen that I had this memo drawn by Adnan--

Q You're referring to Exhibit 4?

A Exhibit 4. And he said, Fine, and it didn't go any further than that. So, the discussions were pretty minimal.

Q There was never, since your name has appeared in the paper, there's never been any communications with you from Mr. Khashoggi's people or Mr. Miller's people regarding what you have purported to have told the newspapers?

A Yes. Following the Knight Ridder story, the Knight Ridder people--the representative of Knight Ridder interviewed me in New York City in late January when I was--I was there on other business. The story ran quite a bit later than that. After the story ran, Bob Shaheen called me and told me that Adnan was very disappointed in the story and felt that I'd let him down somehow in that article. Of course, I had not seen the article at that time. That is, it had run in eastern papers and what had run in Salt Lake apparently was just an abstract. It wasn't until later that I saw the full article in which my trip to the Cayman Islands was described.

Bob told me that he and Adnan--Adnan particularly--was very disappointed about the article, but he didn't tell me why.

Q Did they suggest that anything you said was not

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true?

A No, they did not.

Q Did they imply that you should retract your statements or make any correcting statements?

A No, they did not.

Q They just indicated disappointment?

A Yes.

Q Was it at the fact that you had talked to the paper or the fact of what you had said to the paper?

A They didn't say what bothered them but my impression is that what I had said bothered them. As I recall the conversation, my recollection is that Bob said, Manny, Manny, why did you do this? And I said, Well, Bob, you know I was in the Cayman Islands, I do have the piece of paper. And Bob said, But, Manny, you didn't need to tell everything, or something--I want to be careful what I say here, but my recollection is he said, Well, we're disappointed. I certainly at no time--I once suggested to the Khashoggis that I was going to write a book to Bob Shaheen and he said, Go ahead. I mean, there's never been any--you know, saying, Don't say this or, Don't say that. I've never been instructed in what to say or to whom to talk. I've kept a low profile because I've chosen to.

Q Other than this one conversation with Bob Shaheen, any other conversations or communications regarding the arms

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transactions?

A No.

Q And none with Mr. Fraser or Mr. Miller or any of his people?

A No.

(Exhibit 6 was marked for identification.)

Q (By Mr. Parry) I would like to show you Exhibit 6 which you've looked at earlier during your testimony. Can you tell me what that is?

A It's a photocopy of two business cards, one with the name of the attorney Graham May and the other with the Euro Commercial Bank offices. The second one is actually not a business card, it was a little clip that they would attach to things that they would give you, but that was where we would have our meetings in the Cayman Islands.

Q And those cards were given to you in March in the Cayman Islands, March of '85--or '86, I mean?

A Yes, sir. Yes, March of '86.

(Exhibit 7 was marked for identification.)

Q (By Mr. Parry) I'd like to show you what's been marked as Exhibit 7 which are three pages of handwritten notes, and I'd like you to identify those for me, if you can.

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A These are photocopies of handwritten notes from my file which I prepared on the Khashoggi airplane flying from New York City to the Cayman Islands the morning of the meeting. These are three of several pages of notes that I made on the plane.

Q This was on the plane from New York to the Cayman Islands?

A (Nodding affirmatively.)

Q Can you briefly go through and tell me what those notes say.

A Well, I arrived in New York around eleven and about two or three in the morning they woke me up and told me that we were going to leave. We got to the airplane about four and when we got on the plane, Mr. Khashoggi outlined to me his situation. I had been told prior to leaving Salt Lake for New York that I was to be prepared to negotiate some additional financing on certain issues and I had brought with me a lot of facts about Triad America.

He explained to me that he had obligations to Sarsvati totaling about $22 million dollars.

Q Now, we're on the third page of the three?

A Three pages. Then he told me he owed $56 million to the Sultan of Brunei, including interest, that he owed Credit Commercial de France $10 million dollars and that he required a $10 million dollar revolving line for

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International Marketing.

We discussed the fact that he owned 80 percent of Triad through Triad International, and Triad International also had an interest in the--

Q Was the third page the first page of your notes?

A Well, there were other notes. We had these discussions on the plane for about an hour and then he went off and rested while I prepared some ideas and then he came back. So, we were having this discussion during the night. Then I was to put together some transactions in which some investor outside the company might buy an interest in either Triad America or specific projects.

Q Now, this is the second page. Does that say "proposed deal"?

A "Proposed deal," yes.

MR. RADCLIFFE: Would you, Mr. Floor, please refer to certain pages and where you're talking in reference to your dialogue.

THE WITNESS: On the second page of the document, I had four items that were sort of a little summary and the first was that an outside investor would buy a hundred percent of the Salt Lake International Center for $40 million dollars and then Triad Property would manage for a fee and then do certain things as a developer, developer profit. That Sarsvati would provide AKW a $10 million dollar line of credit and that Sarsvati might also lend money to acquire the Gilmore land. We went through a series of scenarios on the airplane, which we didn't end up discussing with the Sarsvati people, but I included this when you asked for the information because there was always this constant, you know, we need the $10 million dollar line of credit, and so it was on the notes.

Q All right. Going back to the first item, do you know who the investor was?

A Well, we were proposing that the investor in this case would be Vertex.

We had another scenario in which the investor would be the Sultan of Brunei, whose name is mentioned on page 3, and Adnan explained to me that he needed to take advantage of the equity in Triad America to solve certain cash problems that he had and that we at Triad America had, and we went over our cash requirements again. We talked about our payables at Triad America and the loan we needed for the tower and our land debt and the Sarsvati debt.

This is where we got into the discussion about how much it was and his need for the marketing line. And so these notes are not all of my notes but do represent the notes in which the $10 million dollar marketing line was mentioned.

Q The $10 million dollar marketing line appears rather insignificant in relation to the various debts listed on your notes. Did he ever indicate why this relatively small line of financing was so crucial to his business?

A Well, on the airplane going down, he indicated to me that this was a revolving line that was going to be worth a lot to him because he could do something over and over and over again.

Q More than four times?

A Well, he didn't characterize the number of times on the airplane and when we got to the Cayman Islands, when he talked about this Exhibit 4, he indicated at least four times, but I got the impression that this could go on, but four was the one he talked about.

Q Because, according to his drawing, Exhibit 4, the four times would generate a profit of perhaps $8 million dollars but you got the feeling that he was looking at a much larger profit?

A Yes, sir.

Q But you don't know the details?

A I don't.

(Exhibit 8 was marked for identification.)

Q (By Mr. Parry) I'd like to show you what's been marked as Exhibit 8 which consists of nine pages, a front page of which--and subsequent pages--which appear to be copies of your passport. Is that correct?

A Yes, these are photocopies I made of my passport at your request. It does not include the front cover nor does it include all the pages, but it includes all the pages on which anything has been stamped and they are sequential through page 17 of the passport.

Q And those pages, I assume, indicate your travel to the Cayman Islands and to Geneva in March?

A Yes, sir.

(Exhibit 9 was marked for identification.)

Q (By Mr. Parry) I'd like to show you what's been marked as Exhibit 9. Can you tell me what that is?

A Yes, this is a photocopy of an itinerary that was prepared by my secretary March 3rd for my trip to New York and subsequently to the Cayman Islands on March 4th.

Q Was that a regular practice for your secretary to prepare an itinerary for each of your trips?

A Yes. This particular trip, I was called on this trip the morning of the 3rd. That is, I was advised to get a plane and come back to New York. And she would put together these kinds of itineraries with all the detail for me so other people on my staff have a copy and my family and so on.

Q Let's go off the record for a second.

(Exhibits 10 through 13 were marked for identification.)

Q (By Mr. Parry) Back on the record. I'd like to show you Exhibits 10, 11, 12 and 13 which I'd like you to look at and identify for me.

A These are photocopies of documents that were produced during the Cayman Islands meetings. Exhibit 10 was a guarantee by Triad America signed by me and by Triad International Corporation signed by Adnan Khashoggi guarant~~y~~eeing to Vertex the $10 million dollars, the $9 million dollars, and the $21 million dollars, so, it's a brief guarantee.

Exhibits 11 and 12 were acknowledgements by Adnan Khashoggi and then by Trivert that even though the demand loan--the $10 million dollar loan was a demand note, four months were to be given to pay it back, which would have meant the money was due back in July.

Exhibit 13 is a copy of instructions to Euro Bank signed by Adnan Khashoggi, and I prepared this document. Mr. Khashoggi signed an original. Mr. Khashoggi, while in the Cayman Islands, opened a number of accounts for the $10 million dollar loan to flow through. It was to flow from the bank to his account, this number, and from this account to the account of Trivert, which would also be at the bank.

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(Exhibit 14 was marked for identification.)

Q (By Mr. Parry) I'd like to show you Exhibit 14, and could you identify that briefly.

A This is a copy from my files of the letter from Larry Taylor, one of our officers at Triad America, to Mr. Donald Fraser dated January 13th. Mr. Fraser and Mr. Miller came to Salt Lake in early December. As a result of that visit, they asked for quite a bit of information regarding the company, and this is a transmittal letter which sent on some or most of what was requested by Mr. Fraser.

Q I guess we'll put that in too.

(Exhibit 15 was marked for identification.)

Q (By Mr. Parry) Could you look at Exhibit 15 and tell me what that is.

A This is a copy of a telex--a telex from me to Robert Shaheen sent from the AK Utah telex machine in Salt Lake to Mr. Khashoggi's Paris telex machine. It is a telex regarding the Sarsvati transaction which was negotiated in New York City on October 30th which we discussed earlier.

Following the October 30 meeting, I got on the phone with Don Fraser and there were some issues--technical

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issues--regarding the loan and this was a telex from me to Shaheen outlining the proposal made by Mr. Miller and Mr. Fraser.

It took until the 15th or 16th of November to resolve these problems because they had to do with whether Mr. Miller and Mr. Fraser had an option to acquire stock or an absolute duty to take the stock.

Q And, finally, let's mark this as Exhibit 16.

(Exhibit 16 was marked for identification.)

Q (By Mr. Parry) Exhibit 16 is a four-page document. Can you tell me what that is?

A This is a photocopy of a document prepared by me, typed by my secretary, which I prepared and sent to Adnan Khashoggi and to Essam Khashoggi and Tariq Kadri recommending that the transaction--the Triad America was falling apart because of what was happening through Mr. Miller and Mr. Fraser's operation. This is undated. My recollection is I prepared it in April because of the subject matter. It looks to me like a document I prepared that led to the eventual disengagement of the Sarsvati people from Triad. It has a sentence underlined here, which I underlined, which says "and a third to provide $10 million dollars to finance marketing projects." That's my own emphasis. I added that before I gave you a copy of that.

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Q That was subsequent to the--

A Yes, it was not underlined at the time I did the document.

Q Do you have a cover letter or anything that would indicate that this was in fact sent to Mr. Khashoggi, his brother and Tariq?

A I don't have such a letter with me but I suspect in my files that I have a letter.

Q Do you recall that it was in fact sent?

A Yes, there's no question this was prepared and sent.

Q In approximately April of 1986?

A Yes, sir.

Q All right. Now, other than the 16 exhibits and the few other documents that you produced to me on Friday, to your knowledge, do you have any other documents that relate to the arms transactions that Mr. Khashoggi was involved in?

A No, sir. I have documents that relate to the transaction in the Cayman Islands in general and some in specific but none which mention arms specifically.

Q And none that would indicate that $10 million dollars was in fact funded?

A No, sir.

Q Let's go off the record for a second.

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(An off-the-record discussion was held.)

Q (By Mr. Parry) Mr. Floor, I would like to ask you about various individuals, and I want to know whether you know these people and know anything about their possible involvement in the arms transactions. Let's start with a Mr. Furmark. I believe his first name is Ron.

A I believe it's Roy.

Q Do you know Mr. Furmark?

A I've met him. Mr. Furmark was in Salt Lake City for at least one of our Triad activities and I believe I've also met him either in Europe or in New York at Mr. Khashoggi's condominium. But our meetings were just, Hello. I just know that he was an associate or friend of Mr. Khashoggi's.

Q And you've never done business with him or been involved in a transaction in which he was involved?

A No, sir.

Q You know him through Mr. Khashoggi?

A Yes, sir.

Q Has anyone ever suggested to you that he was involved in the arms to Iran?

A Only what I read in the newspaper.

Q All right. How about Cyrus Hashemi? Do you know that man?

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A I don't know the name, no.

Q How about Albert Hikeem?

A Again, only what I've read in the papers. It's not a name that I'm familiar with.

Q And General Seccord?

A Again, the same answer.

Q Oliver North?

A Same answer.

Q John Poindexter?

A Again, these are people I've only heard of.

Q Other than the newspaper accounts--

A That's right.

Q --you've never met or heard of these people?

A No, sir.

MR. RADCLIFFE: Off the record a minute.

(An off-the-record discussion was held.)

Q (By Mr. Parry) I believe in the Knight Ridder article that we've referred to, I believe that there was an indication--and it may be a different article--that there was in fact a $15 million dollar transaction to finance the arms deal and that it was not Mr. Miller or Mr. Fraser but another Saudi investor who provided the funds. Do you know anything about that?

A No, the only financing I know about is the proposed

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$10 million dollar financing joint venture.

Q You don't know who the other Saudi investor referred to could be and you've never heard about a $15 million dollar--

A No. No, sir.

Q Do you want me to ask--with respect to that article, were there statements attributed to you which you did not make to the reporter?

A Well, there were statements in the article which were not attributed to anyone and the way the article was written, it appeared that I had said them. Also, you're showing me a copy of the Salt Lake Tribune copy of the article. I'm not sure that was the entire article. Somebody told me that the article ran in the east was longer, but there are statements that I think--there are clearly statements which are attributed to me or to no one that sound like they came from me which I didn't make.

Q Do you offhand recall what those particular statements were, the ones that people may have attributed to you?

A Well, there was some conclusions in the article about what Mr. Khashoggi did or didn't do with certain funds that I had no knowledge of and it implied that I had said certain things.

Q Going back to Mr. Hashemi, who you haven't heard about, there have been other criminal investigations of arms deals with Iran that Mr. Hashemi was involved in and other people who have been associated with Mr. Khashoggi. Did you know about any of those investigations or the criminal prosecutions at the time that Mr. Khashoggi was discussing this particular transaction in March of '86?

A No. No, the only information I had about those transactions--I believe those came about sometime after May of '86. All I know about those transactions are what I read in the newspapers and I have talked to Mr. Evans and to Mr. Maynard Dose since they were both released about the situation just briefly as friends. I had no prior knowledge.

Q Do you know Sammy Fadel?

A Sammy Fadel, yes, I know Sammy Fadel.

Q Have you done business with him? Tell me what his position is with Mr. Khashoggi.

A Mr. Fadel is the managing director of the Geneva office of Triad. He offices in Geneva. Prior to that, he was in Luxembourg for Mr. Khashoggi. He was also in Paris for Mr. Khashoggi, and he was on the Triad America--he was on the AK Utah board in 1977. I believe he's still with Mr. Khashoggi. When I went to Geneva following the Cayman Islands, it was to his office I went and he was the person that kept all the records, all the financial and stock information in Geneva for Mr. Khashoggi.

Q Would he have necessarily been aware of the $10 million dollar transaction to finance the arms deal?

A Well, I gave him copies of all three loan documents when I went to Geneva because he kept track of all of the obligations Mr. Khashoggi incurred, and since these were obligations of Mr. Khashoggi as well as obligations of Triad International, he needed those records. And it was his office from which I sent the documents which I sent back to this country for distribution.

Q Were arms to Iran ever discussed in his presence-- in your presence?

A Not when we were both together.

Q Do you know of a company named Kremdale?

A No, sir.

Q Or Galliot?

A No, sir.

Q Have you ever met a John Gamble, another Canadian?

A I'm not sure.

MR. RADCLIFFE: Don't speculate.

THE WITNESS: I can't recall.

Q (By Mr. Parry) You don't recall?

A I don't recall.

Q How about William Birchall?

A I want to say the man is associated with Barrick

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Resources but--I believe he is. Mr. Birchall was one of the Barrick people.

Q Have you had any dealings with Mr. Birchall?

A Yes, I was on the Barrick Utah board and I assisted Barrick when they came to Salt Lake City, did certain things with the press and others, and I believe Birchall may have been involved.

Q To your knowledge, did he have any involvement or any knowledge of the arms transactions?

A I have no idea.

Q All right. I'd like to ask you about Timothy Kahn.

A Yes, sir.

Q You know him?

A Yes, sir.

Q What was his connection with Mr. Khashoggi?

A Mr. Kahn was a Canadian businessman, as I recall, and Mr. Khashoggi was interested in expanding, or was looking at possibly doing some things in Canada. When he went to Canada, Mr. Kahn made certain arrangements for certain meetings. I don't know much beyond that.

Q I take it he was not a former Khashoggi aid$\overset{e}{\wedge}$?

A Again, I don't know how--I'm not sure whether he ever worked directly for the Khashoggis or not. He may have. I met him on only one occasion.

Q He was not in the Cayman Islands?

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A No, sir, he was not in the Cayman Islands.

Q To you knowledge, he had no involvement in the arms transactions?

A No, I have no information that he did.

Q But you think he was connected with Mr. Fraser and Mr. Miller?

A No, I don't know that he was connected with Fraser and Miller. I just know that he was Canadian and that he arranged some meetings for Mr. Khashoggi in Canada. I don't know if those meetings involved Mr. Fraser or Mr. Miller.

Q One name I left out that I wanted to ask you about was Mr. Casey. Was his name ever brought up or have you ever heard his name mentioned in the presence of Mr. Khashoggi?

A Not to my knowledge. Not in my presence.

Q How about the various Israelis allegedly involved, Mr. ~~Name~~ Nir, Mr. Schwimmer, Mr. Nimrod~~ey~~i, any of those?

A Not in my presence.

Q Do you know--I believe it's a lawyer named Mr. Evans.

A There is a Sam Evans, Samuel Evans. I know Sam very well.

Q Now, is Mr. Evans a lawyer for Mr. Khashoggi?

A He was at one time. I have no idea what his present relationship is. Mr. Evans was associated with

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Mr. Khashoggi for many years and, again, was on the Triad America board.

For a period of time, he lived in Los Angeles and participated with us in our Salt Lake and Triad America operations. He left the employ of the company a few years back and went back to London where he set up a law practice. He did some additional work for Mr. Khashoggi following that but I don't know for how long and I don't know what his current status is with Mr. Khashoggi, if any.

Q To your knowledge, was he involved at all with respect to the arms deal?

A Well, he was not involved in--as far as I know, he was not involved in any of the things that we've talked about that I have any knowledge of.

Q He was not at any of the meetings and his name didn't come up at any of the meetings?

A No, sir.

Q In any of your conversations with the people that were involved in the various transactions, did the subject of hostages ever come up?

A No, sir.

Q Did the subject of financing the rebels in Nicaragua ever come up?

A Not in my presence, no, sir.

Q And, again, I've asked this before, but was there

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ever any question or suggestion that the United States Government was giving approval to this transaction?

A Not to my recollection.

MR. PARRY: All right. Thank you very much. I don't have any further questions.

EXAMINATION

BY MR. RADCLIFFE:

Q Please answer as briefly as possible.

During the first quarter of 1986, did you form an opinion that Triad Utah and its various business were in financial trouble?

A Yes, sir.

Q When you traveled to New York to visit with Adnàn Khashoggi, did you go there for the purpose of discussing those financial troubles as reflected in Exhibit 7?

A Yes, sir. The exhibit was prepared on the airplane from New York to the Cayman Islands but I had lots of material with me relating to Triad America's financial problems.

Q Was your principal discussion directed towards solving the financial problems of the company that you were president of?

A Yes, sir.

Q When you arrived in Grand Caymans and met with Mr. Fraser and Mr. Miller, did you discuss with them the

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financial trouble of the company as outlined in Exhibit 7?

A Yes, sir, and with other materials I had with me.

Q In that meeting, it's my understanding that they agreed to fund those $9 million dollars toward certain liabilities of the company as reflected in Exhibit 7; is that correct?

A Well, they redefined $9 million dollars of liability. There were other exhibits, including the loan they signed and including the documents which are not entered as exhibits, which I presented to them in the Cayman Islands spelling out specifically the $5 million dollar payable schedule and the $4.5 million dollar tower loan which are referred to in Exhibit 7.

Q Looking at Exhibit 4--and when you discussed the four possible transactions evidenced by the $40 million dollar or the $40,000, whatever it reflects up in the upper right-hand corner of Exhibit 4, did you have any understanding as to how long each of the transactions would take place?

A It was my understanding it would be a relatively short period of time and when we signed the loan documents and agreed on the repayment of four months, it was anticipated that the transactions would be complete in four months so that the money could be paid back.

Q Was it your understanding that no more than $10

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million dollars of original loan would be required to accommodate the entire $40 million dollar transaction?

A That was the way it was described, yes.

Q Was the $9 million dollar loan required by Triad contingent at all upon the repayment of the $10 million dollar transaction now described as the arms transaction?

A No, sir.

Q Did Mr. Miller and Mr. Fraser understand that they were jeopardizing the company by not funding the $9 million dollar loan, and thereby their own security?

A I believe that that's the point I made, but I don't know if they understood it. The point I made certainly was that the $5 million dollars in payables and the $4.5 million necessary to start the tower were both critical to the real estate side of Triad America successfully meeting the plan.

Q So, they knew if whoever was to repay that $10 million dollar loan through the arms transaction was not repaid, that the company would be in dire straits; is that correct?

A Because they insisted that Triad America guarantee the $10 million dollar loan and the $20 million dollar loan and the $9 million dollar loan, I have to believe they recognized that the nonpayment of any one of them would have, A, given them the company; or, B, destroyed the company.

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Q Did you feel that they had any idea in their mind at the time they made the Iranian arms loan that it probably wouldn't be repaid?

A No. As a matter of fact, it was an interesting thing. One of the reasons Adnan personally guaranteed the loan is they raised the question--or one of us did--why can't you give the arms and then get paid before you pay for the arms, and vice versa. You know, why is it that--and Adnan made it clear that the parties had to develop trust for one another and that it was necessary for him to have the money to provide the vehicle of trust. He said, I guarantee it will be repaid; therefore, here's my stock and here's my Barrick Horshem interest and here's my guarantee, and if you don't get paid, I'm the guy that suffers. So, the question came up and he assured them that he would guarantee payment.

Q You knew of Mr. Khashoggi's prior arms history; is that correct?

A Yes, sir.

Q Did it seem strange to you then that they would be discussing arms at that meeting?

A Well, it surprised me when it came up because I--on the airplane he had told me five, six, seven times how important it was to get the $10 million dollar marketing loan and he kept referring to it as a loan to facilitate

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some very important marketing transactions and that he had a series of transactions and that he needed a revolving line of credit.

It was not until we got to the Caymans and we were discussing how to structure the transaction and he drew the chart that I understood that arms were being shipped to Iran. It surprised me that he brought it up then and hadn't brought it up on the plane, but we had never--there was never a time when we had ever discussed the actual involvement in arms sales, but I was aware that he had been involved. I mean, he didn't like being referred to as an arms dealer. He would become very upset about that. And his brother, Essam, was very upset. They wanted to be referred to as brokers and merchants and business statesmen. He was always interested in being referred to as a merchant statesman.

Q Mr. Khashoggi was also involved in the oil business, was he not?

A He was in the Sudan and elsewhere.

Q Did you discuss oil when you met with the Sultan of Brunei?

A Yes, there was some discussion about the possibility of the Sultan making available some crude oil for use in the acquisition of a refinery.

Q Was the Sultan of Brunei concerned about the world market price of oil during your meeting with him?

A I don't recall.

Q Do you recall hearing in the newspaper that the Sultan of Brunei actually funded $10 million dollars to the Contras?

A Yes, I read in the newspapers that story, yes.

Q Did that seem strange to you?

A Well, nothing has seemed strange to me since all of this began.

Q Did you connect it at all with your discussion concerning the oil prices and--

A Well, let's put it this way: I've been very curious as to the relationship of the Sultan of Brunei, the Guru or Swami, as he was called, Mamaji, Swamiji, Mr. Miller, Mr. Fraser. I think there's a whole network of involvement there that I don't fully understand. So, it didn't surprise me that the Sultan of Brunei and the Saudi name and the Khashoggi name and the Canadian names all came up. It seemed to me to be sort of an interesting fit.

Q Thank you very much.

MR. PARRY: I would like to follow up with one or two questions.

FURTHER EXAMINATION

BY MR. PARRY:

Q You mentioned the trust required to do this deal, the arms deal. Did Mr. Khashoggi ever indicate, give an indication of the trustworthiness of Mr. Gabonafar?

A Well, he indicated that he had a number of associates in this chain and that he was dealing with these people and that he had dealt with these people and that he needed to put certain money--certain of the profit had to move to this entity in order to satisfy Mr. Gabonafar and others, and he suggested that--when we had this discussion about how do we know we'll get our money--I mean, why would we want to buy arms that we may not be able to sell, and why would we want to deliver arms that we may not get paid for, His comment was, Well, we've been working with these people. And I want to be careful how I recall this, but my recollection is he said, We've worked with these people and we can trust them. But it was clear that Adnan Khashoggi had to have the money available to make this thing flow, that he was the designated supplier of funds.

Q Now, you've said he said, We've worked with these people. Was he referring to ~~Gabonafar~~ Ghorbanifar?

A He said, These are people we know and this is the only name on the page and so this man was not a stranger to him.

MR. RADCLIFFE: That man was on the page.

Q (By Mr. Parry) So you don't know specifically who he was referring to or in what context he had worked with

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them before?

A No, sir.

Q Same question about Mr. Miller and Mr. Fraser as to trustworthiness. Did Mr. Khashoggi indicate great trust in those individuals?

A Well, Mr. Khashoggi was constantly referring to Mr. Miller as his partner in all of these transactions, in the transactions in late October, in the transactions in March, in all of these situations. He was always referring to Mr. Miller as--that they were partners. As a matter of fact, when we were going to meet in Geneva, Mr. Kadri came over and he and I met with Mr. Khashoggi prior to the arrival of Mr. Miller and Mr. Fraser and Mr. Khashoggi suggested that his perception of all of this was that he and Mr. Miller and Mr. Miller's associates were going to be 50/50 partners in everything, in Triad America, in the marketing, in everything. It was sort of a together we will solve all of these problems and we will be partners, and we laid out some notes and prepared some ideas about how that partnership might work, which was really sort of more of the same information that we described on the airplane flying to the Cayman Islands.

It was my impression that Mr. Khashoggi was anticipating that Mr. Miller and Mr. Miller's wealthy associates were going to be able to solve a lot of

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Mr. Khashoggi's problems.

Q Was that his main asset that he brought to the partnership, his wealthy associates, or did he have particular expertise in solving business problems?

A Well, I always felt that all he had were wealthy partners. He said he had expertise.

Q Do you know anything about his background? Does he have unusual qualifications?

A My experience with him is that his qualifications are not apparent immediately. He explained--I mean, there's no question he seems to be able to deliver funds. His style of doing business is not my style. To say it's right or wrong would probably be--you know, it's certainly not a style I'd employ. It's a management by intimidation style, and that's one of the reasons I resigned. He claims to have been very successful in all the things he's done. I have no direct knowledge about what he's done or hasn't done. He obviously appears to control a considerable amount of wealth, but whether that's his wealth or other people's wealth, I don't know, but he has control over substantial funds.

Q One related area.

Are you presently involved in any litigation with Mr. Miller or Mr. Fraser or Mr. Khashoggi?

A No. I'm a creditor to the bankruptcy proceeding of

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Triad America. Triad America and many of the real estate companies were placed into Chapter 11 Bankruptcy Proceedings in February, late February of this year, and I am a creditor. I have not been sued by nor am I presently suing them. I have filed a creditor's claim in the Bankruptcy Court. I have been subpoenaed as a witness in a couple of instances in matters relating to Triad and others, but that's the current status and situation.

Q All right. This time I'm really finished.

MR. RADCLIFFE: So am I.

(Whereupon, the taking of this deposition was concluded.)

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STATE OF Utah)
: ss.
COUNTY OF Salt Lake)

I HEREBY CERTIFY that I have read the foregoing testimony consisting of 75 pages, numbered from 3 to 75, inclusive, and the same is a true and correct transcription of said testimony, with the exception of the following corrections listed below, giving my reasons therefor.

Page Line	Change/Correction	Reason

EMANUEL A. FLOOR

Subscribed and sworn to at ______________________________,
this ______ day of ________________, 198 .

My commission expires: Notary Public

____

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CERTIFICATE

STATE OF UTAH)
)
COUNTY OF SALT LAKE)

I, Rashell Garcia, a Certified Shorthand Reporter and Notary Public within and for the County of Salt Lake and State of Utah, do hereby certify:

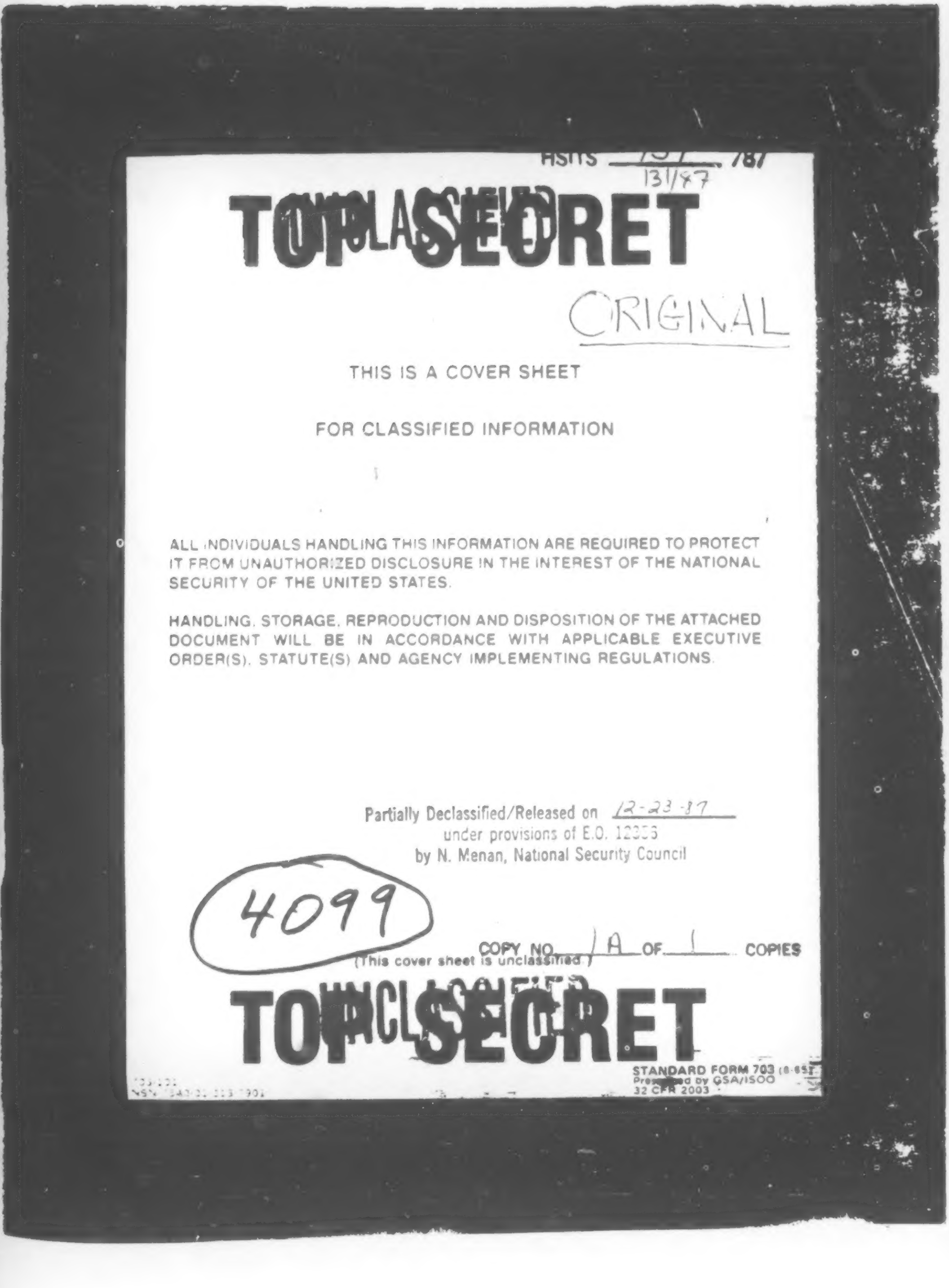
That the foregoing proceedings were taken before me at the time and place herein set forth, and were taken down by me in shorthand and thereafter transcribed into typewriting under my direction and supervision:

That the foregoing 75 pages contain a true and correct transcription of my shorthand notes so taken.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed my seal this 12th day of June 19 87.

My commission expires:
December 15, 1988

RASHELL GARCIA, CSR LICENCE 144



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FORMER CIA OFFICER

TESTIMONY OF [redacted]

Friday, May 8, 1987

United States Senate
Select Committee on Secret
Military Assistance to Iran
and the Nicaraguan Opposition
Washington, D. C.

Deposition of [redacted] called as a witness by counsel for the Select Committee, at the offices of the Select Committee, Room SH-901, Hart Senate Office Building, Washington, D. C., commencing at 9:45 a.m., the witness having been duly sworn by MICHAL ANN SCHAFER, a Notary Public in and for the District of Columbia, and the testimony being taken down by Stenomask by MICHAL ANN SCHAFER and transcribed under her direction.

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by N. Menan, National Security Council

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APPEARANCES:

On behalf of the Senate Select Committee on Secret Military Assistance to Iran and the Nicaraguan Opposition:

DANIEL FINN, ESQ.

On behalf of the Central Intelligence Agency:

KATHLEEN A. MC GINN, ESQ.
Assistant General Counsel
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Whereupon,

[redacted]

called as a witness by counsel on behalf of the Senate Select Committee and, having been duly sworn, further examined and testified as follows:

EXAMINATION ON BEHALF OF THE SENATE COMMITTEE

BY MR. FINN:

Q [redacted] I'd just like to review the facts that you gave to us last time when we had an interview, which I believe was on April 15 of '87, as we were just discussing, and we'll just establish the recent years of your career with the CIA and the circumstances that led to your departure and your activities since then.

A Okay.

Q Could you state your full name for the record?

A [redacted]

Q And have you ever used any other name?

A In the Agency?

Q Yes, sir, at any time.

A In the Agency I have, yes.

Q Have you used any other name since your departure from the CIA?

A No, I have not.

Q What is your current address?

A [redacted]

Q What is your current employment status?

A I'm not employed right now.

Q Are you under any form of contract or retainer arrangement with any organization?

A I am not.

Q That includes any agency of the U.S. Government?

A Precisely.

Q Do you have any employment relationship or contractual relationship with any individual, either an official or non-official of the U.S. Government?

A Not at this point, no.

Q Have you had any contractual relationship with any individual who was formerly an official of the U.S. Government during the period after your departure from the CIA?

A No, I have not.

Q By contractual agreement I would mean an agreement under which you would provide services and be paid some fee or receive some other consideration in return.

A No, I have not.

[redacted]

Pages 6 to 8

DENIED IN

TOTAL

[redacted]

Q During that period did you have any contacts with Oliver North?

A I had one contact with Oliver North in August of 1984 [redacted] -- a very brief contact. Basically I met him.

Q We'll get to that later as the story unfolds. And that was the only time?

A That was the only time I met him.

Q I have here and I'd like to have the transcriber enter this as [redacted] Exhibit Number 1, some notes which we know to have come from Oliver North's files or safe and which we believe to be Oliver North's notes, and these appear to be a Xeroxing of various scraps of paper. Whether the original all appeared on one sheet, I don't believe. They seem to be copies of index cards.

(The document referred to was marked [redacted] Exhibit Number 1 for identification.)

Let me call your attention to the bottom right quadrant of that. It would appear, would it not, that your name is listed [redacted]

A Right.

Q Does it also appear to you, as it does to us, that other CIA personnel in the various countries during a certain period are listed in connection with those countries?

A It does indeed.

Q Can you identify the date of this list based on the assignments and names of the personnel listed during that time, at least in an approximate fashion?

A I would imagine that this was during that period that we met in August, to the best of my knowledge.

Q So these individuals -- [redacted]

A And they got the name [redacted] there. There's a question mark on the copy there, for obvious reasons. It looks like [redacted] something.

Q Or [redacted] I'm not sure. Do you recall?

A No, I don't.

Q Maybe [redacted] Is there [redacted]

A Not that I'm aware of. Is [redacted] mentioned here?

Q No, [redacted] does not appear to be mentioned.

A Well, anyway, I'm not aware of anybody [redacted] [redacted] by that name.

Q During this period that we were just discussing, let's say approximately August of '84, was there an individual named [redacted] in [redacted] [redacted]

A [redacted] I couldn't tell you specifically. The name rings a bell, but I can't honestly tell you specifically.

Q How about [redacted] [redacted] Would that be current for that period, approximately August of '84?

A Yes.

Q Do you have any explanation for why Oliver North would have written your name on a list of CIA personnel?

A Well, I imagine that as he attended at least a portion [redacted] -- and I'm speculating -- that he was listing the names [redacted] at that point, or at least [redacted] personnel -- not that all on this list attended [redacted] to my knowledge. But obviously some of them did.

Q But, at any rate, you have no other explanation why he would have put your name on it?

A Not at all.

Q All right. Thank you.

At what period during your service [redacted] did you first become aware that Director Casey was considering you for a special assistant type assignment?

A I became first aware of that, I believe, in June of '85. I received a cable -- I think at that period; I'm not exactly certain of the date, but I think it was in June -- that with regard to my next assignment I was summoned to come to headquarters. Now at that point I didn't know what that was all about, but I came within the next couple of days and at that point I was aware that I was being considered for this job.

Q And who did you see? Who gave you that information?

A I saw -- the first person I saw on that was Ed Juchniewicz, who was the Associate Deputy Director of Operations, who told me.

Q I see. Were you instructed to see Juchniewicz or did you find your way there, as it were?

A I think I was instructed to. I think I probably checked in with the Task Force or the Division chief, but I cannot tell you exactly.

Q Did you then see Casey to discuss the assignment?

A I did, yes.

Q What was the nature of the discussion you had with Casey at that time?

A Well, we sat down and I think initially I might have been a little bit confused or at least maybe confused a little bit in the first session, but we talked at that time about [redacted] specifically. He wanted my views on the various activities that were going on [redacted] the general questions that I'm sure the Director would normally ask.

And it was at this point that he specifically asked me if I was interested in the job of being Executive Assistant to him.

[redacted]

Q During your first meeting with Casey, was this -- am I correct in believing this would be June or July of '85?

A I believe it was July.

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Q This would now be July?

A Yeah.

Q You had heard in June that you were under consideration; then a few days or weeks later you proceeded up in response to that?

A Precisely. I'm not absolutely certain of the date, but I'm almost certain it was June or July.

Q Was there specifically a discussion with Casey in that first meeting on the status of the armed resistance?

A No, not specifically at all. I did mention to him at that point that I had considered resigning from the Agency but that the humanitarian aid bill had just passed, I believe in June -- perhaps it was a little bit earlier -- and I told him as we were chatting, I said I felt that that changed my opinions in terms of specifically resigning at that time.

But we didn't speak specifically on the armed resistance at all, other than to mention the fact that none of the humanitarian assistance was being received.

Q How did you account for, let's say, your consideration of resigning to assist -- I presume to assist the armed resistance in some way; is that correct?

A Yeah. Well, I felt very strongly about helping them to the degree that one could legally, and so

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that was what I was mentioning in that context.

[redacted]

Q How do you account for, let's say, the strength of your feelings and commitment to the cause of the armed resistance even though you had had no chance, let's say, to assess them directly?

A Well, I was certainly aware from a variety of sources, I was quite aware of the fact that they were probably not doing very well, for one, and I was also very directly aware of the fact that the build-up, Sandinista build-up, was going very strong, particularly on the Soviet side, and it seemed to me that the armed resistance probably was not doing very well.

Q Was that, let's say, your primary motivation in believing that the armed resistance needed to be supported, namely that the Soviet and Cuban consolidation and build-up was proceeding very rapidly in Nicaragua?

A Well, that was certainly one, definitely one of my perceptions, of course.

Q Did you also see a political dimension, that the armed resistance was a necessary adjunct to, let's say, political opposition to the Nicaraguan regime?

A An adjunct? What do you mean by "adjunct"?

[redacted]

Q Had you reached a conclusion that the unarmed opposition had to be supplemented by an armed opposition?

A No, not necessarily, although certainly I think there was an unspoken feeling that if indeed the armed opposition failed or disappeared or was not there that the unarmed opposition probably would not be able to exist as such. That's not demonstrable, but the armed opposition certainly served in some regard.

[redacted] the armed opposition certainly did represent to some degree a rallying point for people who were dissatisfied with what was going on in Nicaragua particularly with the regime.

So there was an unspoken tie, I think, with regard to that. But I always felt it was very important that some armed opposition exist.

Q And believing that the armed opposition needed to be supported through various means, what objectives did you support for the armed opposition? Did you believe that they should overthrow the government of Nicaragua or that they should cause some political change in Nicaragua? What were your intentions, let's say, for the movement that you wished to support?

A Well, I think specifically what I would liked to have seen was that the armed opposition as such would at least minimally put enough pressure on the Sandinista government to, if there was changes that they were going to make within the internal system, that one needed obviously that kind of pressure. So I think that my feeling with regard to the armed opposition was that that was very critical, particularly for U.S. policy interests.

Q Did you discuss the objectives that you saw for the armed opposition with Casey during that first meeting?

A No, I did not.

Q Did Casey make any statements concerning what he felt the role of the armed opposition was?

A No, he did not.

Q Did you feel you had reached any understanding with him about the armed opposition -- let's say that it needed to be supported all the way or only part way?

A No. We didn't speak about the armed opposition.

Q Let's go back, if we can, to a point you mentioned earlier, [redacted] Now that was in August of '84; is that correct?

A That's correct.

Q What was the purpose [redacted]

A Well, the purpose [redacted] -- it was my understanding it's general policy to usually have a meeting [redacted] periodically within various regions, geographic regions, of the world, and this indeed was certainly one of them.

Q Did senior CIA officials attend [redacted]

A Yes.

Q Who were they?

A Mr. Casey, obviously; Dewey Clarridge, [redacted] the Deputy Director of Operations, Clair George.

Q [redacted] was not yet in his position and was therefore not there; is that correct?

A Yes.

Q Was [redacted] there by any chance?

A [redacted] No, he was not there, to my knowledge.

Q I believe you mentioned in your previous interview that Oliver North also attended [redacted]

A Indeed, he did.

Q You are quite certain in your recollection that North attended [redacted]

A Well, I know he was there, at least sitting in the room initially, either when we came in to meet with the Director or he came in soon thereafter. I cannot recall how long he stayed specifically. I know that he did speak at a certain point.

Q So North was actually present during one of the sessions [redacted]

A The primary session, exactly.

Q And what was the nature of the primary session?

A Well, it was basically to give the Director, as I was told, an overview of the various countries [redacted] [redacted] that were represented [redacted]

Q So it was the format to go around the table, as it were, with the [redacted] briefing the Director on the issues

A Precisely. Not necessarily to [redacted] but to the country itself

Q Now did Ollie North speak up at all during that session?

A He did, yes. He did mention -- I can't to my recollection tell you exactly what he said, but I do recall that he was speaking particularly with regard to Nicaragua, but his specific statements, in all fairness I couldn't specifically say what they were.

Q Do you recall did North make statements concerning the probability of renewed Congressional support for the resistance?

A I don't recall him ever saying anything like that.

Q Did North discuss the Soviet and Cuban buildup in Nicaragua?

A He may have mentioned it, but again to the best of my recollection I can't specifically say that he did. We certainly talked about it.

Q What was the main point or thrust of your presentation [redacted] Do you recall?

A Well, yes. I'd have to go back in my memory a little bit. That was quite a while ago. But obviously I gave the Director an overview [redacted] I really would have to review in more detail what I said. I really haven't thought about specifically what I talked about, but I think I gave him a general overview.

Q Do you recall Oliver North interjecting during your presentation and discussing some of those points?

A Well, I do recall him saying something as I was speaking, yes, but to tell you the truth I couldn't tell you specifically what his question was or if he was elaborating on something that I said. I don't recall specifically.

Q Would you ~~agree that~~ that Ollie North is a rather animated individual?

A Very much so -- passionate, very articulate.

Q Do you recall when he spoke up that it was with some animation and therefore difficult to ignore?

MS. MC GINN: Object to the question.

BY MR. FINN: (Resuming)

Q All right. Did he speak in an animated manner, do you recall?

A Did he speak in an animated manner? I would say he probably did.

Q Did he speak at some length?

A He probably talked for a minute or two on various topics, but nothing --

Q Was the nature of the proceedings such that there was a fairly, let's say, good degree of concentration and the participants were more or less listening to what was transpiring?

A I think we were all sitting around waiting to give our own talk and probably weren't thinking too much about what the other person was saying.

Q Did you find it surprising that North was permitted to attend the primary session [redacted]

A Well, I'll tell you the truth. Yes, I suppose I did find it a little surprising. On the other hand, that was [redacted] We had the Director there. I don't recall that I specifically knew who Ollie North was at that time. I think I knew he was on the NSC, but I didn't find it surprising, given the fact that the Director was holding [redacted] that he would have somebody there. So it wasn't a total shock, but I must say I was a little bit taken aback.

Q Were you introduced to North at some point [redacted]

A I introduced myself to him and, quite frankly, I may actually have met him possibly the night before. [redacted] had a party for us, all of us, and I cannot recall if possibly Mr. North may have come to that party, just passing through.

I knew that he was late [redacted] I remember him mentioning that he had come in late and at one point I introduced myself to him and asked him who he was.

Q So your recollection is that you introduced yourself to North at the cocktail party?

A I'm not so sure. I just remember introducing myself. Whether it was [redacted] as he came in or possibly at the party just before [redacted] that night, I'm not clear. But at one point I just said hello to him.

Q Did you have an understanding whether North came along with the delegation of senior CIA officials or whether he came separately?

A As I recall, he came separately. I think he said he either missed the plane or he had come down there on his own, or at least not with the Director.

Q Was North accompanied by anyone during his attendance at the cocktail party?

A Not to my knowledge, if indeed he did attend the cocktail party. But he was not accompanied by anyone either at the cocktail party that I knew of, if he was there, or certainly [redacted] when we were there.

Q Do you recall [redacted] having been in attendance at the primary session [redacted]

A Yes, sure.

Q Was the nature of that session such that, let's say, [redacted] all the participants, stayed throughout at least that session?

A To the best of my recollection I think all of us did. There might have been -- I think even the Director excused himself a few times. We were in basically a vault something like this [redacted] and the whole session took most of the morning, as I recall. Most people were there.

Q The session was conducted in a fairly small room?

A Yes, reasonably small.

Q What was the total number of participants? Do you recall?

A Well, I can tell you that the Director was there and Clair George was there. Dewey Clarridge was there. Are you counting? I believe -- I'm not sure of this -- that a DDI officer was there as well, Deputy Director of Intelligence officer.

Q Would that have been Bob Vickers?

A I think it was Bob Vickers. Obviously myself,

[redacted]

Q So let's say roughly a dozen people were in the room?

A I would say something like that.

Q I think you actually mentioned eleven. Let's say a dozen just for argument. And the room was a fairly small one, you said.

A It was probably a little bit bigger than this, but I can't recall.

Q Just asking you to exercise your powers of recall, was everyone arrayed around a single table?

A I think we had a big table and I think people were sitting around in a rather horseshoe fashion, and I think the Director was sort of at the head of the table, if I'm not mistaken.

Q And what was the approximate size of the room? Can you use this room as an example?

A I would say it was certainly bigger than this room.

Q Let's say 25 by 15?

A I didn't measure it, of course. I would say it was maybe one and a half times the size of this room.

Q And this room, be it noted, is, would you agree, approximately 12 feet by 25 feet?

A I'll give you that.

Q And in fact I think those are the actual dimensions, since I arranged for this room.

A It was bigger than this room, but it was not, you know, 15 times bigger.

Q Just as a parenthetical, I consider this room one of my great victories, since I was the person who found this in a warehouse in Virginia. Thanks for that description [redacted]

Just one more question on that. Was there, since this was obviously a period of some ferment in the management of Central American programs, particularly the contra assistance program, which I believe was referred to as the [redacted] program, was there any discussion of, let's say, the phase-out of support for the contras and the modalities of CIA activities with respect to the Nicaraguan resistance in the future?

A No, there was not, certainly to the best of my knowledge [redacted] In other words, during the period when we were in that room together this was basically overviews of the situations within the given countries [redacted] but I don't recall any specific talk, although there could possibly have been, about the lack of aid or the armed resistance as such.

Q Was there something in the nature of a valedictory statement by Dewey Clarridge at this time?

A No. As a matter of fact, to my knowledge -- at least I wasn't aware that he would be leaving or at least that he would be changing jobs at that point. So, as I recall, in my view I wasn't terribly close to him, so I don't recall any statement by him at that point.

Q Was there any discussion by any of the senior officials there, or indeed by any of the officials there concerning what the policy should be toward, let's say, contacts and support of the contras themselves?

A Not to my recollection.

Q Let's go back, then, to the period in which you are being considered for the -- now the precise position, I take it, for which you were being considered [redacted] was called Executive Assistant to the Director?

A That's correct.

Q The Director also had other, let's say, special assistants, did he not?

A Yes.

Q What were their titles?

A Special Assistant to the Director. There was also -- that was [redacted] at that point. And there was [redacted] whose title was, I believe, Executive Secretariat or head of the Executive Secretariat at that point.

Q Sometimes referred to as the Executive Secretary? Would that be correct?

A I think so.

Q Well, here it is, July '85, and you are brought back to consider taking this position. Was that actually the time when you were chosen and appointed to that position?

A Not technically, no, but the Director asked me if I was interested in the job and I said that I thought I would be, and he said, well, you think about it and let me know. And that's indeed what I did. I think I probably accepted the job at the end of -- early August perhaps it was.

[redacted]

Q Did Casey offer you the position during that meeting?

A Yes, essentially he did. He didn't say will you take this, but obviously he was offering the job.

Q I see. So shortly thereafter you were informed that he had selected you?

A Yes, I was.

Q And you accepted?

A Yes, I did.

Q And who was the channel of communication for that offer and acceptance? Do you recall? Was that through ordinary channels?

A I believe it was, yes.

Q Would that have come through, let's say --

A Probably through [redacted]

Q Who was the Division Chief at that time?

A Yes.

Q Was [redacted] involved?

A I don't believe he was, no, not in the communication. It comes in a cable, so you don't know. Nobody signs it. There's no signature on the cable.

Q When did you then return to headquarters to take this position?

A I came back approximately at mid-August -- to come home, not to accept the position at that point, or not to assume the position, but to take a little bit of home leave, get my family established. And then I started the job of Executive Assistant I believe it was probably the first or second week of September of '85.

Q Shortly after arriving did you have any discussions with the Director concerning the nature of your responsibilities?

A No. He just told me to keep him out of trouble.

Q Did you periodically have private discussions with the Director while you were serving as Executive Assistant?

A Not very many. Obviously occasionally.

Q I presume you had snippets of conversation from time to time.

A With whom?

Q With the Director.

A Of course. I saw him daily.

Q When you received, let's say, certain papers on occasion would you hand-carry them in to the Director and make oral comments about them?

A Occasionally. Certainly if there were specific papers that I felt that needed his attention I would hand-carry them in. I might pass them. Put them on his desk. He had various in and out boxes and reading material and so forth, so I would be able to do either one, basically.

Q Now I believe you resigned from that position sometime in March of '86.

A The 14th of March, yes.

Q Did you at any time during the period in which you were in that position, from September '85 to March of '86, have any significant discussions with the Director concerning the policy toward Nicaragua?

A I wouldn't say any significant discussions with regard to that, no.

Q Did the Director ever ask you for your observations about the situation in Nicaragua?

A Certainly when we first talked in July he was obviously interested in my perceptions at that point, but he didn't specifically ask me anything, you know, from that point on that I can recall, anything substantive.

Q Well, after Casey told you that your job description was to keep him out of trouble, how did you go about determining what your actual responsibilities were?

A Basically what I was responsible for was to maintain a paper flow coming in to the Director, make sure that he was sort of up to snuff on what was going on administratively and so forth. We had responsibility for meetings that he would have with the various Cabinet officials and I would help to prepare briefing books for him in his meetings -- for instance, with the Secretary of Defense or with the NSC.

Q So in general you coordinated the paperwork for various papers coming in to the Director as well as the paperwork for various meetings that the Director might have?

A That was certainly one of my responsibilities.

Q Did you also attend meetings with any regularity?

A I attended his staff meetings on Wednesday. I would sit in occasionally on meetings that he would have, daily briefings from the DDI on intelligence.

Q How about other meetings with, let's say, other CIA officials or occasionally persons outside the Agency?

A Generally not, no.

Q Would somebody in Casey's Executive Staff attend such meetings as a general practice?

A It would depend. Certainly there were times that [redacted] attended a meeting. There would be possibly a time when the secretary would take notes. That's a possibility. But of the executive staff, generally not, no.

Q What was the distinction between the responsibilities of the Special Assistant and those of the Executive Assistant?

A Hard to tell you really what they were. We were all sort of working together on trying to make sure that the Director was properly briefed on what he was going to do. I had the responsibility occasionally of arranging meetings. Well, I'll give you an example. I think I mentioned this perhaps the last time.

I had received a phone call that a General at SAC headquarters in Nebraska wanted to invite the Director to attend a meeting or a ceremony and so we would sort of farm that out to see if that was possible and schedule and see if he'd be interested in doing that. So in a sense what I'm telling you is that type of meeting and arranging was frequent.

Q Did your responsibilities involve more the paper side than the Special Assistant's responsibilities

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involved?

A Well, I don't know specifically what the Special Assistant's responsibilities involved. Again, we're talking about [redacted] now on the DDI side. Again, he was also very much responsible for certainly the briefing books, making sure that indeed we knew what the Secretary of Defense, in that case --

Q So just to be clear, the then-Special Assistant was drawn from the DDI side of the organization?

A Well, at that point he was, yes.

Q And you were, of course, drawn from the DDO.

A Exactly.

Q Did that make for a natural division between your responsibilities?

A No, not really. I mean, if there were DDO responsibilities that I had or if I had to pass that on, that certainly could very well come through me. [redacted] [redacted] also was involved, you know, in coordination of all this.

Q Would you have a regular slug or something or was there a routing symbol that would bring things to you that were intended to ultimately go to the Director?

A It would be the Executive Assistant/DCI.

Q Would people put, let's say, "copy to

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Executive Assistant" on the bottom of various memos?

A Yeah, that would be a normal thing to do.

Q So when we see DCI/EA or something like that on the bottom of a meeting summary or something, that would have come to you?

A Most likely, yes.

Q And what would you do with those things, let's say background papers that had that routing on them? Would it be your job to transmit them to the Director for his use?

A No, not necessarily. He might have gotten his own copy. I mean, in other words, I think generally, as I recall, that the central repository for paper of that sort, after I had read that, I'm fairly clear that we would have sent it back to the Secretariat as such after that, or toss it. It was just a copy of something.

Q And the Secretariat was [redacted] organization?

A That's correct.

Q Would requests for operational approvals of various kinds or things that required the Director's action commonly come, let's say, through your desk before going to the Director?

A Yes, very well could.

Q In that capacity did you ever come upon any matters related to the Iran, let's say, negotiations with elements of the Iranian government concerning the release of U.S. hostages?

A No, I did not -- at least to my knowledge. At that point, in fact, I was totally surprised. I was not aware of any of that happening.

[redacted]

Q I see. When such a request would come in routed to you, would it be your practice to read the contents of the document prior to transmitting it to the Director?

A Yes.

Q Is it possible that if something were routed to you on its cover sheet, is it possible that it would have gone to the Director without for some reason coming to you?

A There was always that possibility. Certainly people did bring memos to him directly that I may never have seen. [redacted] I think probably I would have seen that. But, you know, you can't prove a negative, obviously.

Q Was it your practice to initial items which were routed to you on a cover sheet of some kind, or would you simply pass them along to the Director -- take note of the reading and pass them along?

A I can't recall specifically if I would initial off on it or not. I suppose I probably did. But specifically I couldn't tell you that.

Q Well, let me show you a document that we found in our files and see if you recall it. I'd ask the transcriber to mark this [redacted] Exhibit 2.

(The document referred to was marked [redacted] Exhibit Number 2 for identification.)

As you see, this appears to be a cover sheet for a Top Secret document which appears to have your name as the routing person. Do you recall was this a common type of form for you to receive?

A Yes.

Q I think, if you wish, you can have a minute to take a look at this and see if you recall the document.

(A brief recess was taken.)

BY MR. FINN: (Resuming)

Q Have you had a chance to review this document?

A Yes, I've looked at it.

Q Do you have any recollection of seeing this document?

A I do have a vague recollection of seeing it. I do.

[redacted]

Q Was this the only such document along these lines that you saw or were other similar documents routed to you?

A Well, I'll tell you the truth. If they were, I didn't pay too much attention to it, frankly. I mean, there were obviously things that were going on that I was not aware of and this did not necessarily ring any bell to me as such or cause me to sit up. But I do vaguely remember seeing this.

Q [redacted] Do you recall Charles Allen providing the Director [redacted] materials concerning these negotiations?

A I do not recall that, no. Not to my knowledge.

Q So you can't recall anything being routed through you related to that?

A I can't recall. It's possible that it was, but it wouldn't come to my memory.

Q Now how would you organize things in the office? Can we assume that if a document like this related to a certain program or matter would be routed through you that all or most other documents related to such a program would also be routed to you?

A Well, it would depend. Now this was coming from [redacted] who was generally the individual would bring requests of this type to the Directo[illegible] attention for his approval or disapproval, a[illegible]e best of my knowledge it would generally [illegible] me to present it then, to make sure that the Director saw it and signed it or disapproved it -- whatever.

[redacted]

Q Do you recall any other documents related to the program of contacts with the Iranian government related to the release of hostages that came through you for the Director's attention?

A There may well have been, but to the best of my knowledge I couldn't tell you specifically that there were.

Q Would you say -- did this document surprise you when you saw it?

A As I say, it didn't shock me.

Q Did you learn either previously or through this document that in fact the U.S. Government had a program of clandestine contacts with the Iranian government?

A No, I did not learn that.

Q Would you agree that that would appear from this letter contained herein, signed by [redacted]

[redacted] a note for the DCI, that it would appear from that document, would it not, that there was a program under way of contacts with the Iranian government?

A Obviously from the document itself, as it says, the individuals names have been blanked out, are involved in very sensitive negotiations.

Q Undoubtedly the version you saw earlier had the names.

A I couldn't tell you what they were. But if this is true, they were involved in some kind of negotiations.

[redacted]

Q Would you take interest when things came to the Director's attention that involved Iran?

A Not particularly, no, not as such. [redacted] You have

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to understand that the whole world came through me. In other words, what I mean by that is that a lot of issues and a lot of various operations and intelligence information affecting the entire world, you know, a lot of that was routed through me. So I could not really spend a lot of time in my job specifically looking into these various instances.

Q I certainly understand that. Would you say that by this time, late fall of '85, you had become generally aware that there was a program of contact with Iran concerning U.S. hostages in Lebanon?

A No, I can't say that. I would not say I was generally aware of that.

Q Then for some reason this document did not make you aware?

A It did not pop into my mind that this was going on.

Q So since you were not aware you were not particularly looking, let's say, for such matters in other documents that may have come through you?

A Precisely.

Q So when did you first become aware that the U.S. Government had such a program of contacts with the Iranian government?

A I think the first time I became aware of that

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was when it came in the newspapers.

Q So even though you had seen this document in October of '85 you say that you had, let's say, no awareness that there was a program?

A I would agree. In other words, it wasn't something I focused on reading this for the first time. This is the first time that I remember that indeed this happened to come across my desk.

Q But it is your testimony, at any rate, that you had seen this document when it was routed to you at the time?

A That's correct.

Q Thank you. Now did you do any traveling with Casey when you were acting as his Executive Assistant?

A I did. Yes, sir.

Q Well, why don't you say on what occasions that occurred?

A The only one specifically was in late January of '86 [redacted] I accompanied him at least on [redacted] portion of the trip.

Q Do you have any recollection of anything that explains the timing of that particular trip?

A No, I do not, not to my memory.

[redacted]

Q Now did the Director take other trips during your service as his Executive Assistant?

A He did, yes, but I didn't accompany him.

Q And did you ever learn the reason that you were invited to accompany him on this trip?

A Well, I wanted to go myself, and I certainly wanted to -- at about this time I had decided I was going to leave, and I wanted to get sort of a firsthand look,

[redacted]

Q Did you ask the Director personally, face to face, whether you could accompany him on this trip?

A Yes, I did.

Q Did you state that rationale for your accompanying him?

A I believe I did, yes.

Q Did he make any comments about that?

A He thought that was a good idea.

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Q In preparing for that trip or any time on that trip do you recall any preparation for the Director concerning any presentations he might make [redacted] concerning the necessity of support for the contras?

A Oh, no. I never saw anything like that at all.

[redacted]

Q Now who else was on the Casey delegation?

A At that time?

Q Yes.

A There was [redacted] There was [redacted]

Q Excuse me. Do you recall the name [redacted] just for the record?

A I can't offhand. I cannot remember. It's a [redacted]

Q Was it [redacted]

A [redacted] yes.

Q Thank you. [redacted] is that correct?

A Yes. There was a doctor and [redacted] who was one of the secretaries, one of Casey's secretaries, and his security staff.

Q And this was all on a [redacted] aircraft?

A Yes.

Q A large aircraft?

A Exactly.

Q So the delegation was, as you testified, then, the delegation was Casey [redacted] yourself, a secretary, a doctor. Were there also communicators?

A To the best of my knowledge there were not, no.

Q Any other support personnel -- security?

A Well, the security people.

Q I see. Now that was the delegation that arrived [redacted] is that correct?

A That's correct.

Q Were you aware of any plans that other CIA or U.S. Government officials would meet the Director in [redacted]

A No, I was not, not to my knowledge.

[redacted]

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[redacted]

Q Did you have any reason to believe that Casey would be discussing the subject of the contras with [redacted] [redacted] at a later stage of his trip?

A I had no knowledge of that, if he did.

Q Now I believe you told us in your earlier interview with us that you stay [redacted] when the Director flew on [redacted]; is that correct?

A I did indeed, yes.

Q Was that on instruction of the Director or at your suggestion?

A It was actually pretty much at my suggestion. [redacted] I thought I would perhaps like to stay a little bit longer, if possible. [redacted]

[redacted] if it's all right with you, I'd like to skip [redacted] and come back on my own. And he said okay.

[redacted]

Q And how did you return to headquarters?

A I came back via probably the longest flight I've ever taken in my life.

Q This was a commercial flight?

A It was a commercial flight, yes [redacted]

Q Now you returned sometime during February of '86; is that correct?

A I believe it was probably the first part of February.

Q The first part of February?

A Maybe the end of January.

Q And what was the situation -- I'll be more specific -- in the Director's office, namely were plans afoot for any further travel by the Director?

A Yes. I don't know that they were afoot at that point, but they probably were. He was scheduled to go on another trip just before I resigned or just before I left in early March, and I believe he was going to [redacted]

Q Do you recall who was in the Director's party during the planning of that trip?

A I really can't recall because by that time I was starting to move out. I had very little to do with that.

Q Was any official who either had or had at some point had responsibility for matters in Central America or Latin America part of the delegation, to the best of your recollection?

A To where?

Q [redacted]

A To the best of my recollection, no.

Q And you have no reason to believe, is it correct, that the issue of support for the contras was on the agenda for the Director's visit [redacted]

A I have no recollection of that, and I think I would have remembered that if it was.

Q Did the Director take any other trips during your period as his Executive Assistant?

A He went [redacted] Did I mention that?

Q I believe you didn't mention that.

A I did not. He went [redacted] at one point and I can't recall the exact dates of that, but I was not accompanying him.

Q Now was there any discussion or did you have any reason to believe that the subject of the contras was going to come up during the Director's visit [redacted]

A [redacted] No, I have no reason to believe that.

Q Did you have any reason to believe the Director would be pursuing the issue of covert sources of Soviet-style arms and ammunition during his visit [redacted]

A Not to my recollection, no.

Q I'd like to focus for a moment at the period December '85 and leading up to January '86, the period where we were just located.

A Sure!

Q I believe you may have been present -- correct me if I'm wrong -- at a meeting where the Director met with General Daniel Graham and Barbara Studley.

A Yes, I was present.

Q We believe that meeting to have occurred on December 20 of 1985. Would that date be consistent with your recollection?

A I think so.

Q Generally consistent?

A Yes.

Q Now you were actually present during that meeting; is that correct?

A Yes.

Q What was the subject of the meeting?

A Well, the subject of the meeting was basically to, as I recall, to Mrs. Studley was there to tell the Director, as I recall, that she was involved in supporting the contra movement. She said that she was formerly, I believe, to the best of my recollection, either a missionary or religious figure of some sort and that she had gotten into the arms business as a result of her deep desire to support the contra movement.

Q Deep religious belief. Did she also mention she was a former radio talk show host and beauty queen?

A I don't recall that. Frankly, as I recall, it was a fairly short meeting, and I didn't pay a lot of attention to what she was saying. That I recall, that she had been formerly involved.

Q Do you recall why the meeting was scheduled?

A I really don't recall that.

Q What was General Graham's point for being at the meeting?

A He didn't say much at all. It seemed to me that he perhaps was making the introduction, but what his particular purpose was, to the best of my recollection I was never really clear on it.

Q So it's your recollection that Studley, to the extent there was a presentation, Studley made the presentation?

A As far as I recall.

Q Were any documents distributed, to your recollection?

A To my recollection, no, they were not.

Q Let me show you a document which we believe, based on other testimony, to have been distributed at that meeting and see if you recognize it, and I'd ask the transcriber to mark this as [redacted] Exhibit Number 3.

(The document referred to was marked [redacted] Exhibit Number 3 for identification.)

As you see, this appears to be a memorandum from Barbara Studley to Oliver North dated October 30, 1985, and I'll give you a few minutes to take a look at it, if you wish.

(Pause.)

Have you had a chance to look at this document?

A Briefly.

Q Do you recall this document being circulated at that meeting?

A I do not recall a document being circulated at all. The only thing that sort of rings a bell is perhaps some of the conversation she had with the Director involved some of this information, but to the best of my recollection I don't recall a document. It's conceivable she did give him something.

Q I believe you mentioned that Studley discussed her efforts on behalf of the contras to provide the contras with arms and ammunition; is that correct?

A That's correct.

Q Do you believe it may have been a purpose of the meeting from the standpoint of Graham and Studley to, let's say, wire Studley up as a potential covert source of covert procurement for the CIA?

A I think if she had asked for that I would have remembered that specifically, and surely it could have been their intention. I can't specifically state that.

Q Would it have been the intention of Studley to attempt to secure, let's say, the blessing of the Director in a general sense for her support activity functions?

A I couldn't comment on that. I just don't know.

Q You didn't have the feeling that Studley was attempting to get the Director to be supportive of her action?

A It would be speculation on my part if I did, but I don't recall any specific mention of that by her.

Q So she briefed the Director on her activity but to your knowledge had no reason for doing so?

A She may well have had a reason to do it, but I'm not aware of it.

Q But no reason that she stated?

A As far as I can recall, no. As I say, it was a relatively brief meeting.

Q You did not get the impression that she was seeking some form of support or approval from the Director?

A To the best of my recollection, no.

Q As you can see from the first two pages of this, which is the section which seems to be a memo to Ollie North from Studley, Studley is very vociferously complaining that another arms dealer, Mario Dellamico, who was associated with the Florida arms dealer Ron Martin, was essentially horning in on their source of Soviet-style armaments [redacted]

A Um-hum.

Q Do you recall her discussing this with the Director?

A I recall the name Ron Martin being mentioned by her, but the context again I don't recall specifically.

Q Was she complaining about Martin's activity?

A I'm going to speculate that I think she probably was, but I can't specifically say that she said that.

Q Well, did she attempt to get a commitment from the Director to stop Martin?

A I don't recall that happening, no. But again that was quite a while ago.

Q Now you'll see at the bottom of this memo that General Singlaub's name is mentioned.

A Yes.

Q Did Studley represent herself as being involved with Singlaub in her contra arms supply operation? This would be on page two.

A To the best of my knowledge I don't recall

Singlaub's name being mentioned during that meeting as such, and I see his name here.

Q Did Richard Secord's name come up during that meeting?

A Not to my knowledge, no.

Q So there was no mention of Secord being another channel of arms to the contras?

A Not to my knowledge at that point, no.

Q Let me show you another document which we believe may have been circulated at that meeting and see if you recognize it. I will ask the transcriber to label that as [redacted] Exhibit 4.

(The document referred to was marked [redacted] Exhibit Number 4 for identification.)

A Do you want me to study this thing? This is the first time I've ever seen it in my life.

Q Just sufficiently to answer whatever questions. If you feel you need more time to examine it, please say so.

A Okay.

Q Do you recognize this document as having been on the table at that meeting?

A No, I do not.

Q Based on your familiarity from reading this document at the present time, does this cause you to recall that any of these matters were discussed by Studley with the Director at that December 20 meeting, namely the idea of creating a circular arrangement in which a trading company would be established to supply freedom fighter movements which Congress was unwilling to support for one reason or another and that Israel would sell certain things, military equipment, to the People's Republic of China, who would supply the Soviet arms, which would then be brokered to the freedom fighters, and that Israel would be benefitted by the United States through a high technology support or other compensation?

Do you recall anything?

A What's the question?

Q Well, the question is were the matters that I have just described discussed by Studley at that meeting?

A To the best of my knowledge, they were not, no.

Q Do you recall the same day as the meeting with Studley that the Director called Richard Secord for a meeting?

A No, I don't.

Q Let me show you a document which we've been provided by the CIA, which we are informed is a summary of the Director's meeting log and telephone log with

Richard Secord. I'll ask the transcriber to label this [redacted] Exhibit 5.

(The document referred to was marked [redacted] Exhibit Number 5 for identification.)

You'll note on this summary that there is a meeting and a phone call with Secord by the Director on December 20.

A Um-hum.

Q Do you have any knowledge of that?

A Not specific knowledge. We would get generally a list of people that he was going to visit on a particular day and if we start talking about my meeting with Secord I was trying to remember where I had heard his name and I vaguely do remember that he may have seen the Director.

Q Let's say something shortly before your departure, in this time frame?

A Yes. But the time frame now is December 20.

Q This particular meeting would have been 20 December 1985.

A It's possible that he did, but it didn't ring a bell to me anyway, if indeed he met with him.

Q Let me show you some testimony and I'll ask the transcriber to label this [redacted] Exhibit 6.

(The document referred to was marked [redacted] Exhibit Number 6 for identification.)

This is the partial transcript of Richard Secord's testimony that was taken on May 5 of this year, just a few days ago, during the Iran-contra hearings. Now I direct your attention starting on page 193, which is the first page of this document, about two-thirds of the way down, and into page 194. Secord describes his meeting with the Director. I'll give you a few minutes to just read those pages.

A When is this taking place?

Q According to Secord, Secord says it would have been a few days before Christmas '85, but according to the Director's logs it would appear to be December 20, the same day the Director met with Studley. I would ask you to read to page 196.

(Pause.)

A Okay.

Q Now, as you'll see from the pages 193 to 196 of the transcript of Secord's sworn testimony the other day, Secord recounts a meeting with the Director a few days prior to Christmas of 1985 in which there was, let's say, a significant discussion of Nicaragua and the need for improvements in logistical support to the contras.

A Um-hum.

Q This could correspond, we believe, to the Director's telephone call and meeting with Secord listed on the previous document that we gave you, which was Exhibit 5. Were you present during this meeting?

A No, I was not.

Q Were you aware the meeting was occurring?

A No.

Q Did you know Secord at this time?

A No, I did not.

Q Now I believe you said during an earlier interview that you were also present at another meeting in December of '85 which involved Adolfo Calero and Enrique Bermudez.

A I was.

Q Can you recall who the other participants were?

A [redacted] was there, the Director, and myself.

Q Not Clair George?

A No.

Q What was the subject of that meeting?

A Well, the subject, as I could see, it was basically a courtesy call, one of the few meetings I attended, perhaps the only meeting I attended with regard to Nicaragua in terms of the contra leadership. It was basically a courtesy call by the two heads of the FDN, from what I could ascertain, and basically a plea -- well, first of all, there was essentially a briefing given by both Bermudez and Calero, Bermudez particularly, on the military situation in Nicaragua to the Director and his comments that indeed while their military situation looked at least reasonably all right for the time being, for the six to eight-month period, military supplies, that they were having a lot of trouble with regard to other supplies.

Q Humanitarian type, let's say, non-lethal?

A Non-lethal specifically. And I think it was brought up at the meeting that the humanitarian aid that was supposedly being shipped by the State Department under Congressional authorization was not getting to the contras. So there was a general, I guess you would say, a general plea by Mr. Calero that if there was something that could be done to particularly [redacted] to allow the release of these goods, that that would be appreciated.

Q So this meeting occurred during the period during which [redacted] were, for one reason or another, delaying and not permitting the NHAO flights?

A To the best of my recollection, that was it.

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Q Can you place that meeting in the month of December? Was it prior to the Studley-Graham meeting?

A I don't think I can place it directly, no. In fact, I couldn't place the Studley meeting, you know, to a specific date. But to my recollection they both occurred in December and probably before Christmas.

Q Also, was this meeting with Bermudez and Calero shortly before Christmas?

A I wouldn't want to speculate. I don't know. My guess is it would be probably earlier in December.

Q Just to help you, you said that by January, I believe you stated earlier that by January you were resolved to leave and to help the contras directly yourself.

A Exactly.

Q And was this meeting well before that in December or sometime --

A My best judgment is probably somewhere around the first or second week of December, talking about the Calero meeting.

Q Right. So you think it was the first part of December?

A Yes. I'm sure there's a log.

Q And this was in the Director's office at Langley?

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A That's correct.

Q Was the situation portrayed by Calero and Bermudez at that time particularly desperate for the contras?

A Well, it seemed to me that they were portraying that as such. Of course, I think one could say that indeed if aid was not being received or at least the humanitarian aid that the contras were supposed to be getting, that indeed yes, it could have been very desperate.

Q Now you mentioned one of the chief issues or needs of the contras as expressed by Calero and Bermudez was the need to get the humanitarian assistance rolling [redacted] again. Was equal emphasis placed on the importance of having a means to deliver various kinds of assistance, humanitarian and otherwise, from the contra bases [redacted] into Nicaragua?

A I don't think that was specifically discussed at the meeting. It seemed to me the general tone of the meeting was that Calero was hoping that the Administration and Congress could turn around and begin resuming, you know, full aid to the resistance. That was the general tone of it. And specifically, as I recall, he was talking about the lack of aid that had been authorized being received by the contras.

Q So it was primarily getting humanitarian or other non-lethal assistance down to Central America where it could do the contras some good and not the issue of getting these various forms of deliveries inside Nicaragua that was the subject?

A To the best of my recollection, that was not specifically discussed. If it was, I don't recall it.

Q Now did Calero or Bermudez make a direct appeal for Agency assistance in logistics, for example using Agency aircraft or helicopters or anything of that nature?

A No. To the best of my knowledge, that didn't occur.

Q No such appeal was made?

A That I recall.

Q Was there any discussion of the arrangements that the contras had using their own aircraft or aircraft associated [redacted] other organizations to move supplies into Nicaragua to support their military activities?

A You'll have to repeat that. I'm sorry.

Q I'm sorry. Was there any discussion by Calero and Bermudez of the means they were using to get supplies inside Nicaragua?

A I can't recall if they specifically talked about that, so I would have to say to the best of my recollection, no, they didn't discuss that as such. It was not a lengthy meeting that we had and if they brought that up specifically I don't recall it.

Q Specifically did they make an appeal for CIA assistance [redacted] to permit their flights from [redacted] and other bases to go once again inside Nicaragua?

A I don't think that they specifically said the CIA. They may have implied that, but they wanted the U.S. Government to try to convince [redacted] to release this aid, if I recall correctly.

Q Now what I'm getting at is that their appeal for U.S. Government support was not only to get the humanitarian assistance [redacted] but also to get whatever kind of assistance, whatever supplies they had into Nicaragua.

MS. MC GINN: Object to the question. He's answered that several times already. It is no, they didn't discuss that.

BY MR. FINN: (Resuming)

Q Is that your answer?

A Would you repeat it once more for me, then?

MR. FINN: Will Counsel permit the question to be repeated?

THE WITNESS: I think it's the same question.

I just want to make sure.

BY MR. FINN: (Resuming)

Q I'm sorry for the repetition, but I'm trying to assist your recollection. My question was whether the assistance of the U.S. Government that was sought by Calero and Bermudez vis-a-vis [redacted] was not only [redacted] to allow the humanitarian assistance into that country but also to permit the contras to stage their supply operations into Nicaragua?

A 'No. I don't recall that as such.

Q You don't recall that?

A No. No, there was no discussion of that that I can recall.

Q Now I believe you said in your interview previously that this meeting affected you so much that you wrote a memo of the meeting; is that correct?

A Yes, I did.

Q Did you by any chance take that memo with you when you left the CIA?

A No, I did not.

Q Do you recall where you located that memo?

A Where I located it?

Q Um-hum.

A Well, I think I gave one copy to the Director and one copy to -- I may have sent it down to the

National Intelligence Officer, Bob Vickers, and probably to [redacted] as well. It basically outlined, you know, what had been discussed at the meeting. Again, this is, of course, a year and a half ago, so I can't recall exactly what was on that memo.

Q Would it be ordinary practice in Casey's office for that memo to have gone into a file?

A Probably not, no. I don't recall what he did with the memo. He could have just read it and put it in his out basket but not into a file.

Q Would that be ordinarily a classified memo?

A Sure. Oh, yeah, it would be classified.

Q I believe in your previous interview you also mentioned that you wrote a memo, I believe, sometime later, perhaps in January or February of '86, with some suggestions to the Director. This was an unsolicited memo, I believe.

A It was in November, actually.

Q Related to improving the situation of the contras in November '85?

A That's correct.

Q Did you retain a copy of this when you left the CIA?

A No, I did not.

Q This was also a classified memo?

A Exactly.

Q Who else aside from the Director did you give copies of that memo to?

A I gave a copy of that to [redacted]

Q So just to the Director and to [redacted]

A As I recall, yes.

Q Do you recall what position you argued in that memo?

A Well, it was basically a think piece more than anything else. I had been feeling strongly about the problems again sort of back to the problem that I felt existed, some of the problems that existed with the Nicaraguan -- with the Nicaraguans as such and the Sandinistas and the resistance, and I think I outlined, as I recall, some of the problems that we had been up against with regard to the resistance, and I think that I suggested that I thought that there might be a way of possibly, because of the problem, because of the lack of funding, because of the specific buildup in the Sandinista military and political machinery, that perhaps several of us would have to resign, or at least I would, I think I indicated that people that were familiar with the situation and try to assist legally, as non-government officials with no ties to the government, the resistance as such.

I think that was sort of the broad outline, as I recall, of the memo that I wrote.

Q Now that's a fairly radical scheme, wouldn't you agree?

A Not really, if you believe that indeed their survival was most necessary for the security of the United States, as I did, and that you could not obviously do this as a government official because of the Boland Amendment, that this would be a possibility of at least a partial fix of the problem or attempt. I didn't think it was radical. Certainly it's unusual.

Q Did you get any reaction from the Director as such?

A No, I didn't really. Of course, I thought about that, obviously, because it was to me a particularly critical memo, in my view, but no, he didn't have any specific comment on it. He did ask me to show it to [redacted] and I did, or at least I gave him a copy and I asked [redacted] comment. [redacted] comment was that he didn't think it was particularly workable. In that sense you would probably have to have full Republican Party support for something like that, much like one saw in Europe in the opposition or the political parties that involved themselves to more a degree than this country in foreign policy, that that kind of a system would have to be engendered that way.

Q You mean there would have to be something akin to a social democratic movement or Christian democratic movement or organization to support such a thing?

A I think that was [redacted] point on that. But the Director himself really had no comment on it, specific comment on this.

Q Well, how did you ultimately communicate your decision to follow through on your plan to leave and actually go about doing that?

A Well, I came to him in, I believe, mid-January, to the Director, and I said that basically with the reporting that we'd been getting, obviously the meeting with Calero and so forth, that I felt in my own emotional state or my view was that I thought I would have to leave the Agency and try to do what I could to mobilize or try to mobilize more private sector support.

Well, he commended me for that. He had earlier at one point I think maybe I mentioned to you in the previous testimony, that when I first talked to him about this in July, when I came up to see him for the job interview, that I said I had thought about resigning, and he said that he indeed had as well. He said I know an awful lot of rich people and maybe I could solicit their aid as a non-government official.

Q Casey said that in July of '85?

A He said that in July of '85 when I was talking about the fact that indeed this humanitarian assistance, you know, had now at least partially removed that anxiety that I had about helping. So in a sense he commended me for my patriotism and so forth and let it go at that.

Q Now in January of '85 -- I'm sorry, January of '86, humanitarian assistance I think at that point was finally being received in a more or less effective manner.

A I wasn't aware that it was. As you recall, in December at least of that year Calero was complaining very strongly, so I had no specific knowledge that it was.

Q Did you ask anyone else about the probability that U.S. Government support, both humanitarian and otherwise, would be forthcoming in the future? Did you consult with various officials concerning whether it's in a sense worth it to leave or whether the U.S. Government would take over again?

A Oh, I see. Yes, I did. I mean, I think I had as good an opinion about whether the Congress would turn around or not as anybody else did, and it was my indication or my feeling personally -- and I think most people's feeling -- that no, they probably would not.

Certainly a full aid package was not going to be forthcoming.

Q What would be the ordinary end of your tenure as Executive Assistant had you not resigned?

A Had I not left? Well, I would probably have been there about a year. That seems to be the normal state of affairs.

Q So let's say September of '86 would have been your ordinary departure?

A Right.

Q Had you received at the time of your decision in January of '86 any indication of what your subsequent assignments might be in CIA?

A No, I had not specifically. I think I probably would have stayed in the Agency or at least at Headquarters level.

Q Did you have any p[illegible]ar feelings about your career at that time?

A You'd have to be a little bit more specific.

Q I'm just wondering why you made the rather dramatic decision to leave. You were obviously a CIA officer with a good pedigree and you had prospects.

A Well, I felt very strongly about this, very strongly, obviously, and that was the reason that I left. That was certainly the overwhelming reason that I left.

Q In this meeting or discussion you had with Casey in January of last year, did Casey give you any reason to believe that you would be successful in your efforts to raise funds?

A No.

Q As of that time, when you made this decision, how did you envisage your activities in the future to support the contras?

A Well, I wasn't really certain what my activities would be. I felt very much that I could not really look into the private, you know, whatever was going on in the private sector as a government official. In other words, I really couldn't look into that particular area. It wouldn't have been appropriate for me to do that. So I really couldn't lay much groundwork as a member of the CIA at that point.

But I think my vague -- my feelings were that if either I could fit into something or do something on my own, particularly with regard to raising money, that this would satisfy certainly a need that I felt and also perhaps be of some help to the resistance as well.

Q Did Casey make any suggestions in the middle of January of last year concerning individuals you might see to get started?

A Well, he mentioned, wondered if I had talked to Clair George about my decision -- now whether he meant my leaving or not, I don't know -- or [redacted] And then he also at one point mentioned Ollie North.

Q Do you remember anything more about what Casey said about any of these individuals? Why would you contact Clair George?

A That's all he said. Have you talked to Clair about this? He wondered about North, [redacted] I can only speculate that, of course, Oliver North didn't work for the Agency. These other two men did. I can only speculate that he may, you know, have been aware that Ollie was certainly knowledgeable, certainly, in the private sector area more than he was, but specifically he never said.

Q Did you follow up on Casey's suggestion that you should see George and [redacted]

A I saw [redacted] I think I had basically written a memo saying that I'm going to resign and I did not see Clair George. I talked to his associate, Ed Juchniewicz, about my desires, and then, of course, later I talked to Ollie as well.

Q Why don't you go through, for the record, your contacts with North after Casey suggested?

(A brief recess was taken.)

BY MR. FINN: (Resuming)

Q I believe we were discussing the period in which let's say you were deciding. You had first expressed your intention or were expressing your ultimate intention to leave the Agency, and you talked to Casey in mid-January of last year, and Casey, you stated, referred you to Clair George, [redacted] and Ollie North.

A Among others.

Q Among others?

A Well, I don't recall anybody else specifically that he mentioned.

Q Did he mention Singlaub at that time, General Singlaub?

A No. He mentioned that later.

Q And I believe shortly thereafter you had a meeting with Ollie North; is that correct?

A Yes, that's correct.

Q Can you describe that?

A Sure. Let me tell you how that happened. Again, I had mentioned that with the Director and so forth, and the chronology is this, that we then went on that trip [redacted] and I also was out for a little bit of sick leave. I had a back injury.

So the point is that I really didn't get back on Ollie North really until I think it was probably around the third week, second or third week, of February, and I went to the Director and I said essentially can you give him a call because I'd only met North at one point.

Q Just to clarify, that one point was [redacted]

A That was the one point, [redacted] just that brief occasion. I didn't know if he would remember me or not. So I went ahead and called him. The Director didn't say specifically he was going to call or not, but I think he did, because when I called North he seemed to know who I was.

It was a secure phone. I said, you know, I'd like to get together with you. And he said fine. I said I'm thinking about resigning or I am going to resign and he said okay.

Q Was this all on the telephone?

A It was on the telephone. And he said basically let's get together.

Q Did you indicate that not only were you intending to resign but also to assist the contras?

A Well, I don't recall exactly what I said on the phone. I said I wanted to get together with him particularly with regard to the fact that I was in -- oh, yeah, I'm sure I mentioned it.

Q Would North have been aware of your desire to assist the contras as the reason for that meeting?

A I think so. I think I said I wanted to help out the resistance. No question of that. And he said yeah, they need all the help they can get.

Q So how was the meeting with North arranged?

A The meeting was set up this way. We decided on a place, which was Charlie's restaurant on 123, and we set a time and a date.

Q That was during your first conversation on the phone with North that you set the time and place?

A I think so, yes, on the phone. And he said, you know, I think at some point -- we did also talk a couple of times on the open phone because we missed the meeting. He didn't show up. So we did obviously discuss a meeting.

Q So it was back and forth on scheduling?

A We missed the meeting. We finally get together and we got the date and time. I walk into Charlie's Restaurant.

Q When did the meeting finally occur?

A I don't have the specific date, but it was probably, at least I'm pretty sure, probably the last two weeks in February, probably the third week, I would imagine. And I had told him, you know, I would sit at the bar and have a couple of packs of cigarettes in front of me so he would recognize me.

So I'm there at the appointed time and this gentlemen comes over to me and introduces himself as Dick Secord, and I think at first I hadn't seen Ollie. It was a little dark, and I thought maybe it was Ollie, but it obviously wasn't. It was Secord, and he said that Ollie would be coming in a few minutes. He'd be a little bit late.

So we sat down and just, you know, very briefly chatted for a couple of minutes until Ollie showed up.

Q Now just to clarify, you had never met Secord?

A I had never met Secord before.

Q And he approached you and introduced himself?

A Exactly. We sat there and Ollie showed up, and the gist really of the whole meeting was that I told him -- I'll have to say that I was a little -- I didn't know really who this Secord fellow was, although I had some indication.

Q Had you heard of Secord before?

A I'd heard his name definitely, but I didn't connect him with Ollie North or necessarily with, as I recall, the Central American aspect of anything. Anyway, we sat and we chatted and Ollie showed up. And I told Ollie that I was leaving, planning to leave, probably within the next two weeks, and he said good. He said -- we discussed, and I'm not sure exactly the chronology of this, but I think he wanted my views [redacted]

He was interested in that. I told him of some of my views on the needs, what I perceived were the needs of the resistance -- money, training. And then he proceeded to explain to me or at least said that there had been established -- he never said that he had established, but there had been established a series of foundations as well as corporations that were assisting the resistance.

And he basically described them as five or six foundations, I think, if I recall correctly, which received money, donations, and these monies were somehow transferred to the particular companies that had been established as well to facilitate either the purchase or the shipment of equipment and supplies.

Q Did you get an impression of where the foundations were located?

A Well, to the best of my recollection he said they were in Europe. I think the foundations were in Europe and the companies were in Europe, but I'm not clear on that, but Europe was mentioned specifically.

Q Did North mention tax deductible contributions to foundations?

A No, not to my knowledge, not at all. He sort of generally described the situation, you know, this mechanism of sorts, and he may have certainly mentioned the tax deduction angle to the foundations, but I couldn't tell you for sure of that.

Q What form of assistance did you believe that these were providing to the contras, based on North's description?

A Well, I didn't know for sure. There was no specific mention of any military equipment as such. You know, he didn't say well, this is all military. He didn't say that, but it was my impression from what he was talking about that it was a fairly extensive operation. And my impression also, although Secord didn't really say much during this meeting, was that obviously he had something to do with this, maybe logistics support in terms of this operation.

Q Did Secord give you any reason to believe that he was involved in the logistical side of things or that was a conclusion?

A That was sort of my conclusion. As I say, he didn't say too much at the time.

So, anyway, you know, that was sort of the gist of what Ollie recounted. Now he was very passionate and articulate about the problems and so forth, and so we discussed that. And in a sense I suppose I could have joined up with that. He didn't specifically offer any job, but that was what he was describing. That's obviously part of what he was saying to me.

Q Was there any special reason that you didn't take advantage of that opportunity or indicate an interest at that time?

A Well, I'll tell you the truth. I was somewhat interested in it. I mean, you know, these are both to me, it seemed to be, quite honorable men. I mean Ollie I knew a little bit about him. I didn't know anything about Secord as such, but Ollie described him as a patriot and a man of integrity and he was obviously out of the government at the time. But I think I came away from the meeting -- I think it's more important to understand how I come away from that.

Certainly I think at that point I was intrigued by it. I felt that I was dealing with, you know, honorable men. Certainly North, from the little reputation I had of him, seemed like a good guy. So those were the positive aspects.

I think the negatives were that this was a little bit vague. I wasn't sure and would have to know a lot more about it before I would really get involved, and that certainly there was a little bit of a question in my mind the degree that Ollie North was specifically involved in this. You know, that was a question that I would have had in my mind.

Q You mean concerning the extent of involvement of a U.S. Government official with contra support?

A Precisely, although he never said specifically that he was involved in this. But he said that he was certainly knowledgeable of it.

Q Approximately how long did this meeting last?

A I would say it was about maybe an hour.

Q You had lunch?

A No. It was nighttime. I think it was 6:00 or 7:00. We had a beer. I think we had something to eat at some point.

Q Did you ever discuss that meeting with the Director when you went back to your job at your office?

A Well, yes. I didn't discuss the meeting specifically. I certainly didn't describe it to him, but I said, look, you know, I met with Ollie and I said -- I asked him what's he involved in here. And the Director said very specifically I don't know, and I don't want to know. But Ollie's a good guy.

Q Is that fairly close, to your recollection, the Director's actual words?

A Just about, yes.

Q Would you repeat them?

A I said what's Ollie involved in, and he says I don't know and I don't want to know.

Q And then he said?

A But he's a good guy.

Q Something like Ollie's a good guy?

A Yeah, he's a good guy.

Q Which you took as encouragement to continue?

A No.

MS. MC GINN: Object to the question.

THE WITNESS: That's fine, because it wasn't encouragement at all.

BY MR. FINN: (Resuming)

Q Are you quite sure of your description of the time of day in which the meeting with North and Secord occurred?

A The time of day? That it was at night you mean?

Q The evening?

A Oh, yeah, I'm sure of that.

Q At some point I believe you had some contact with General Singlaub; is that correct?

A That's correct.

Q How did that occur?

A Well, about a day or two before I left the

Agency -- I'm sorry, not the day before I left the Agency. The Director had left, was going to leave on an trip [redacted] towards the first week, in the first week of March. And about the last conversation I had with the Director after I had said goodbye, I remember it was sort of the last day that he was going to be around, and I would therefore have a couple of weeks to process out and so forth, because he'd be gone.

He came to me and he said I've met with General Singlaub, John, Jack Singlaub, and I think that was on his schedule. I think I knew that he had met with him. And he said this guy's involved in a lot of things. He says, he's involved in Nicaragua. He's involved in the resistance movement [redacted] or at least he claims he is, and [redacted] and so forth. He says, this is a guy you ought to talk to.

And he said I gave him [redacted] name and I gave him [redacted] name -[redacted] you know who he is -- and I gave him your name. He says, have these guys give him a call. Let's find out what this guy's doing. You know, he's got all kinds of stuff happening here.

So I called. I think I called [redacted] first and [redacted] says no. First of all, he says the Director shouldn't even be meeting with Singlaub. He said that's a mistake. And I said well, yeah, because I had heard a little bit about Singlaub, too. I mean, I just knew he was very, very political.

So [redacted] said, you know, that was a mistake. He shouldn't have met with him anyway. But he says we don't want anything to do with this guy. And also I think I called [redacted] and I said, you know, [redacted] the Director wants you to call Singlaub. He's at the hotel. I've got his number and all this. And I said, you know, look, this is a direct order here, but I mean, on the other hand, maybe it's not the wisest thing to do here.

I mean, this guy may not help the Agency. So the long and short of the matter is that I don't know whether [redacted] called Singlaub or not. I doubt it. But I told [redacted] I said, look, as you know, I'm leaving here. I'll deal with [redacted] after I leave. In other words, you know, I'll talk to him, whatever he's got. [redacted] says, yeah, do that. That's good.

So while I was still there at the Agency, those last two weeks, Singlaub calls me at my office, and I'm sure he got the number probably. It was the same as the Director's office.

Q Same general number?

A Well, it was a different extension, but I think, you know, he has my name, so he calls and says -- he probably asked the secretary to talk to me. So that's the best of my recollection, but I certainly recall him calling me.

Q This was at the beginning of March?

A This would be about the beginning of March. And ~~I~~ he said -- this is General Jack Singlaub. I said, yes. He said I'd like to get together with you. You know, I understand you are leaving, or some words to that effect. And I said, fine. I said, General, I'm going to be out of town here for a couple of weeks. Let me get back to you. As a matter of fact, I said I'll give you my home phone number.

When I come back, if you're going to be back in town, why don't you call me. So we left it at that, and shortly thereafter, after I resigned -- well, let me just finish that. I think the last thing that Casey said to me the last time I ever saw him was that same day after he had told me that he had given my name to Singlaub, that he sort of towards the end of the afternoon came to me and said, well, [redacted] thinks that was a big mistake I made here.

He said, you know, maybe I made a mistake, basically, by giving your name out or at least giving all this stuff. And I think that was sort of his parting words.

Q I'm sorry. Could you go through that again, that Casey indicated that he had made a mistake?

A Yeah. As I recall, he said, you know, Singlaub is not the kind of guy that maybe the Agency should be talking to or that was the impression that I got, but basically that, you know, there's no sense in the Agency dealing with Singlaub as such. But all he said was, you know, I think maybe I did make a mistake here with this. Those were his words.

Q Did you see Casey as attempting to discourage you from contacting Singlaub?

A No. I told him basically I'll be leaving. I'll deal with him. I mean, I can talk to him. I have no problems with that after I leave. He said all right, that was no problem.

Q He didn't encourage you as such to do that?

A No.

Q Let me interrupt your story just briefly to introduce into the record as [redacted] Exhibit 7 another list of the Director's meetings with various individuals which has been provided to us by the Agency.

(The document referred to was marked [redacted] Exhibit Number 7 for identification.)

You'll notice under John Singlaub there is a meeting in November of '84 -- let's skip that one.

There's a telephone conversation February 25 of '86, and a meeting February 27 of '86. Now I believe you have just testified that it was your impression that Casey had met with Singlaub shortly before the events that you just described.

A Right.

Q Would these dates be more or less consistent with that impression?

A I think so, sure. You're talking about the 25th and 27th?

Q The telephone call on the 25th and the meeting on the 27th.

A That would certainly have to be the time, sure.

Q Now after you left the Agency Singlaub did in fact contact you again; is that correct?

A Yes, that's correct.

Q Let me go back to [redacted] comment. You had more or less agreed, I suppose, even before the Director came back to you and sort of cancelled in a sense his previous instruction as regards the Agency, that [redacted] had agreed with you it would be a good idea for you after leaving the Agency as opposed to a CIA employee to meet with Singlaub.

A No, he didn't agree to that. I said let me do that. I mean, there's no sense -- if this guy is real bad news, you know, there is no sense in anybody doing anything with Singlaub as such. I said, you know, I can call him after I'm out.

Q Did Casey or [redacted] or anyone else at the CIA give you any particular instructions to follow during your interaction, subsequent interaction with Singlaub?

A Absolutely none.

Q Did they say that you should attempt to convince Singlaub or make Singlaub believe that you were a channel for Singlaub to the Director?

A Absolutely not.

Q Or that you should make it appear that the CIA, through the Director, supported Singlaub's activities at that time?

A Absolutely not.

Q So why don't you describe how Singlaub got in touch with you again?

A He called. He called me at home I think shortly after I resigned -- it might have been within the week after I left -- and asked to get together. And I said sure. I think we had a meeting at his hotel. I don't know the exact date, but it was probably within the week or two after I left.

We had some breakfast and he basically

described this sort of world anti-communist league that he was involved with and their activities. He had a tendency to ramble. I didn't quite, frankly, pay a lot of attention to what he said. I know that he was very active in lobbying efforts on the Hill. He seemed to have very close connections with Jesse Helms. I mean, this is what he was talking about.

Q In connection with Senator Helms did Singlaub suggest that in concert with Senator Helms or Senator Helms' staff or whatever that he was attempting to secure supplies for Eden Pastora's group in south Nicaragua?

A I don't know that he was saying it through Helms' office, but there came a time -- I met with Singlaub at least twice, I believe, brief meetings after I left, and there came a time -- perhaps it was the second meeting; and again I can't tell you the exact dates here, but we're talking still certainly in the spring, maybe April -- where Singlaub had showed me a letter that he I believe -- yes, in fact he had already given the letter to Pastora which said that the U.S. Government -- no, which said that the United States would support Pastora if Pastora moved his troops, of which he had very little, into the southern front of Nicaragua.

And, you know, it was, I guess, my impression at that time that this guy really -- I mean his political judgment here, first of all representing himself -- I said did you represent yourself as the U.S. Government? He said, no, no, no. It's U.S. He said, I've talked to a lot of people about this, and I think he may have mentioned Helms at that point.

Q Did Singlaub indicate that he had already taken this letter down to Pastora? Or was this before he had done that?

A He said he had gone to see Pastora and had visited one of his camps.

Q Did Pastora's signature appear on the agreement?

A I'm trying to think. You know, I'll tell you the truth. I don't know that it did or not, and I'm trying to think if he had showed me that letter before he went down or afterwards, that he had gotten the signature. I think it may have been before. I don't recall Pastora's signature as such, but I do recall Singlaub indicating at some point that he had gotten his agreement or was trying to get his agreement to do this, to move his forces into the southern front in return for support from the U.S.

Q Now this thing was in the form of a letter, the document that you saw?

A I think so, yeah.

Q How many pages was it?

A I think it was like one page. It was like a legal memorandum

Q Did it have signature blanks at the bottom or something like that?

A I think so, yeah. It had his name, and I honestly cannot recall if Pastora's name had been signed there.

Q Was there a space for Pastora?

A I think so.

Q But you can't recall whether the actual signature was present?

A I really don't. I mean, I was more looking at this letter thinking that this man is somehow representing the U.S. Government and I asked him directly are you representing somebody here. I said, you know, you don't have U.S. Government, but you've got U.S., the United States will, and Singlaub says well, I'll do what I can to get that kind of support for Pastora.

Q Did Singlaub mention other people who were supportive of this agreement, particularly, for example, Ambassador Tambs in Costa Rica?

A I think he said he had talked to Tambs or was planning to talk to Tambs about this, but I don't know that he specifically said he had gotten his agreement on this thing or not.

Q I see. But you're not sure whether Singlaub had actually met with Tambs on that?

A I can't remember if he said he was going to meet with him or that he had met with him.

Q How about Elliott Abrams? Did he make any statements about Abrams?

A I don't think he mentioned Abrams at all.

Q Did he mention Ollie North at all in connection with that?

A No, he did not.

Q Did he say that he had showed this agreement to Director Casey?

A No, he never mentioned Casey.

Q Or anyone else at the CIA?

A I don't think so, no, because, you see, I think there was always an impression, or at least as much as I tried to dissuade him that I perhaps was somehow a channel to the Director, and I kept telling him I am not, I have resigned, I'm not that, and sometimes when you tell people like that, you are emphasizing it too much; therefore, obviously you are.

Q Did you see any danger that in fact along these lines that your meetings with Singlaub could be misinterpreted by Singlaub as an expression of some form of support?

A Precisely, and that's pretty much the reason I really discontinued seeing him. [redacted]

So I think I was much more sensitive. I was still floundering around a little bit, and I'm thinking back on my motives for not getting involved and sort of doing as much as I could on my own was to make sure that there was no association, certainly not in reality, but even in appearance that somehow I was representing the Agency at some point.

Q Are you aware that Singlaub is now claiming that he was encouraged to sign this agreement by various agencies of the United States?

A Is that right? No, I wasn't aware of that.

Q Are you aware that Eden Pastora feels that this agreement was engineered to cause him considerable embarrassment in the breakup of the southern front constituted under his leadership?

A I'm not aware of it. I'm not too surprised at what Pastora would say and so forth, but no, I'm not specifically aware of that.

Q Don't you agree there was a danger in your meetings with Singlaub that Singlaub might interpret this as CIA support for this activities that he has been briefing to you and that, therefore, when that support was not forthcoming there would be some hazard to the individuals involved?

A Well, I think I told him in very specific terms that I didn't think from my view that the Agency, particularly the Agency, wanted to have anything to do with Pastora. I mean, you know, that I recall telling him personally.

Q Let me draw your attention back to the last exhibit that we had, which was number 7, and you will see that there was a telephone call between Singlaub and Casey on March 20 and then a telephone call April 21, and a meeting April 24. Then there were subsequent telephone calls and meetings during May -- May 5 and 8, 1986.

Now did Singlaub or Casey, if Casey contacted you again, or anyone else give you any reason to think that there was a continuing exchange between Casey and Singlaub?

A Did anyone do that? Casey I haven't seen since I left.

Q And haven't spoken to him?

A Nor spoken to him, absolutely not.

Q Now did Singlaub mention that he had also had, let's say, in your later meetings after you left the Agency, did Singlaub mention that he had had these communications with Casey?

A To the best of my knowledge, he did not, no. I don't recall. I don't think he mentioned the Director at all other than to, you know, sort of imply that he thought I was a contact or that I might have been a contact through him. And I kept saying no, I was not. I only had, I think, to the best of my recollection, I think I only had two, possibly three, meetings with Singlaub.

Q Do you have any reason to believe that the Agency had a political action program -- let's describe it as a political action program -- or project through which to discredit Pastora by setting him up with an expectation of U.S. Government assistance which was then withdrawn?

A Absolutely not.

Q And you have no reason to believe, therefore, that Singlaub was a witting or unwitting agent in any such effort?

A No knowledge of that. That sounds like a Singlaub theory, though. He has got a lot of theories.

Q Let's go to some of the other ones. You mentioned that Singlaub in his meetings with you discussed various other support to freedom fighters in various other places. You said he had some interest in [redacted] is that correct?

A Not to me. This is what the Director told me. He said that Singlaub had mentioned this, and this guy's all over the place, the implication being that Casey was interested in seeing what the guy was doing.

Q Did he also mention, did the Director also mention [redacted]?

A Not to my recollection. I'm not certain, but I don't recall.

Q How about [redacted]? Was that mentioned?

A No.

Q Did you have any impression that Casey, aside from rhetorical support, was lending any other support to these efforts by Singlaub to assist freedom fighters?

A Absolutely not. Absolutely not. As I recall, the only specific mention of a resistance organization was [redacted] -- that Casey had mentioned as such when he came and said this guy's all over the place.

Q I see. This was the non-communist resistance [redacted]

A I would imagine that's what he was talking about.

Q Moving right along, I believe you may have had some contact with Ray Burkhardt at the NSC.

A Yes, I did.

Q I believe shortly before leaving the Agency; is that correct?

A Actually it was after I left the Agency.

Q Could you describe that briefly?

A Sure. Just before I left the Agency Bob Vickers and Vince Cannistraro called me and said, look -- I told Vickers I was leaving. I don't know if I talked to Vince. Vince was down at the NSC at the time. He said, you know, there's a job opening up here on the Central American desk, as such, of the NSC under Burkhardt, and he said, you know, you might be interested in getting that job.

And I said well, you know, that's not really what I had in mind, basically. I'd be happy to talk to Burkhardt about it, but I mean my idea here is really to leave the government and try to do what I can. I don't think I can do any different than I could at the Agency.

Of course, I didn't know about all this. But, anyway, so I did go down and see Burkhardt the first of April, after I had left the Agency, and I had tried to call him a couple of times because I was interested in chatting with him anyway to see what the offer was.

I went down and met with him and he told me that this job was opening up but that he thought that they probably would be filling this with a political appointee, that Poindexter wanted that filled with a political appointee of sorts. And I said that's all right because I didn't want the job anyway. So it was essentially a non-job offer and a non-acceptance. And that was essentially the discussions.

I did tell him that I had left the Agency.

Q Did you meet Colonel North while visiting Mr. Burkhardt?

A I did indeed. I met him right after I talked to Burkhardt, walked over and, by no prearrangement, Ollie North's office was across the hall from Burkhardt. In fact, I think I told Burkhardt I was going to go and try and see Ollie.

Q How much time did you spend with North that day?

A About three minutes -- three or four minutes.

Q That was just in the hallway? He was going down to a meeting at the White House and we sort of walked along the hallway.

Q And what did North say to you at that time concerning your plan to get involved in fundraising for the contras?

A Well, first of all I told him I'd left, and he said okay. He said what are you going to do, and I said essentially what I wanted to do was -- I thought I still was looking around, but I thought that probably I would get involved in the fundraising activity. He said, good. He says, have you talked to -- I told him, I said, I enjoyed getting together with you. I said I didn't know too much about Secord. He said, well, go see Secord. He said he's a good guy.

I had told him also that I would give them more of my views on the resistance needs, so he said go talk to him, go see him. So I said I would.

Q Did you do that?

A I did.

Q And how did you arrange that?

A Well, I gave Secord a call. In fact, I think, as I recall, I had a hard time getting hold of him. He was always gone. I had, I think you know, maybe called him two or three times. Finally he called me and I said let's get together for lunch, as we had discussed before, and he said fine. And so we did have a luncheon meeting the first week of May.

And you are probably interested in what was discussed at that meeting.

Q Certainly.

A He was quite pleasant, didn't really talk about too much in substance, particularly with regard to his logistical operation or whatever he was involved in, although he was quite forthcoming about his background and what he was doing or what he had been doing.

He talked about his background in Iran. He had been in Iran. He talked about his involvement with the Saudi AWACS system when he was Deputy Assistant Secretary of Defense. We didn't really talk too much about the logistical organization. I never got the feeling that he was really too interested in my getting involved in it in any case.

Q He didn't make you any offer as such?

A Absolutely not. As a matter of fact, there was never an offer as such.

Q Did Secord seem particularly interested about the Central American activities at the time you met him?

A Oh, yes, definitely. He was quite knowledgeable, it seemed to me.

Q Did he ever give you any indication that he was getting weary of the business?

A Yes, he did. At one point we were talking about -- and I can't remember the context of this, but he said that, you know, he really was getting a little -- he was sort of getting set to get out of this whole project that he was involved in, this operation.

Q Now did you lay out your own views about what the contras needed?

A Exactly.

Q How did he respond to that?

A Well, I had given him basically a little paper on training needs that I thought the resistance needed. I mean, I sort of delineated that. I was specifically interested in, you know -- I was concerned about the lack of training that the resistance had and I thought that that, along with money, was one of the focuses of an effective resistance movement that had to be done from my perspective. So I had given him that.

Q Do you have a copy of that?

A No. I did not keep a copy of it.

Q Have you written any other things that describe your views about how this assistance could be conducted to the contras?

A Not about that specifically, but I have been doing a piece on the first year of the revolution in

Nicaragua.

Q This is a historical piece?

A Exactly, basically. But that's been on my own.

Q You haven't set down on paper anywhere or in an electronic medium your plans for fundraising or your views on the types of assistance which the contras needed?

A No, other than this one.

Q You didn't take any related documentation with you from the CIA?

A I did not.

Q So when you and Secord broke up this lunch meeting, what was the understanding between you? Was there any particular understanding?

A Well, I'll tell you, one thing I wanted to do also was get a hold -- I had started at that point looking seriously for donors, for people through friends of mine and so forth for aid for the contra movement, humanitarian aid, and I needed at some point, or would have needed at some point a mechanism, a foundation of some sort that was reliable and was above-board, that if I did come into some money that I would have to use.

Q Is it your testimony that your plan as far as obtaining assistance for the contras was to identify potential donors who you would then direct to an appropriate foundation?

A Precisely, exactly. I was starting basically at ground zero when I left because I'd only been in Washington about six months and, as I said, I hadn't really looked. I didn't feel it appropriate to really look into that while I was still in the Agency, so the fact of the matter was that I needed, you know, that type of foundation. And I asked Secord about that at the luncheon.

I said if I do come across somebody, can you recommend somebody, and he said, well, yeah. He said, I don't know anybody. He says I'm not involved in that. But he said certainly if you get something going I'll make sure somebody gets ahold of you.

Q At this point why don't we get into the reasons you believed you might be successful in locating a donor. As you say, your time in Washington was somewhat limited. You had spent a lot of time outside the United States.

A Exactly.

Q What caused you to believe that you might be successful in identifying a donor?

A I wasn't certain that I would be successful, but it seemed to be really the major appropriate way of doing this would be if I indeed was interested in getting money to the resistance, particularly the humanitarian side, that one has to go out and start to solicit that money.

Q Was your view that you would in a sense make a mass appeal for contributions or find a few, let's say, wealthy people who might contribute significant sums?

A The latter.

Q And how did you believe that you might be able to identify such individuals?

A Well, I felt that I would have to go to friends of mine who perhaps would be able to. I didn't know wealthy donors or any wealthy potential donors, I guess. I didn't know anybody that was wealthy, frankly. But I did know people that were in touch with potential people that would perhaps make contributions. And so I began doing that, in other words, after I left, making a conscious effort to try to find these people and try to solicit some money from them.

Q You mean try to find your friends?

A Well, I found my friends, but then to see what indeed would be involved.

Q Can you give me the names of some individuals who are friends of yours whom you believed might have an ability to locate?

A I would rather not. I think I'd have to seek counsel on that if I had to. I'd feel very badly about doing that.

Q Sure. Could you answer whether one of these friends was Bill Casey?

A Absolutely not.

Q Were any other friends officials in the United States Government?

A No officials of the United States Government, none whatsoever.

Q So you were going to proceed through friends, individuals you describe as friends, to locate wealthy persons.

A Not necessarily just wealthy people, but people that would be politically inclined to perhaps seek other wealthy people. In other words, it didn't have to be somebody who was just wealthy. It would obviously have to be somebody who had -- who felt the same way and would be able to bring together some people.

Q These were based on your own personal contacts?

A Precisely.

Q This did not include -- the friends or persons who would bring you to these people emphatically did not include Bill Casey?

A No, it did not.

Q Were there any officials of foreign governments who fall into that category?

A No, there were none.

Q Okay. At a later date I believe you finally succeeded or believed you might have succeeded in locating a potential donor; is that correct?

A That is correct.

Q Now how did that situation arise?

A 'Well, I had contacted a friend who said that he thought that maybe he could put me in touch with some people, both in the New York and Miami area, and he identified one specific one, and he said that this fellow would very definitely be worth seeing. And that brought about a third meeting -- well, actually a follow-up meeting -- with General Secord because I was interested.

You recall that the luncheon meeting was the first part of the week or at least the first week of May. I did again see him at his office for a brief period. I believe it was around the third week of May, if my memory serves me right. I at that point had identified a potential donor and I went to his office and he actually had invited me over at the luncheon, at some point to come on over and see him.

So I came over and spent about five or ten minutes with him and told him, do you have anybody? I think I'm going to be making a trip here in-country and I think I'm going to be able to see somebody and I need some kind of a mechanism here if indeed there's a considerable amount of money that this man can give or can facilitate. I don't want to handle it myself.

He said fine. He said -- he seemed to be a little distracted at the time. This was maybe the third week of May. If the paper accounts are all true, then--

Q They were very busy.

A Anyway, he said I'll have somebody call you on that. And it came to be about the end -- well, I left and didn't see him again ever. It came to be about, I think, the first week -- end of May, first week of June. My friend had lined up a trip to see this man and I needed this foundation. I needed something.

So I called Secord a couple of times. Usually he wasn't there or he was traveling or something. I even called Ollie North's office at one point, I think in early June. He was not there either. I finally got hold of Secord I think the second -- early second part of the week of June -- because I knew when I made the trip. And I said I haven't heard from anybody yet. He says, okay, I'll get somebody to you.

And I think the next day that I talked to him, after I talked to him I got a call from Carl Channell, who asks me if I am a donor. And I said no, I'm not a donor, but I think I may know somebody that is. And he said, fine, let's get together.

Q Now at this point had you already undertaken the travel?

A No, I had not, because I wanted that preparation. I wanted to have something there in case the guy was going to ask questions about this.

Q Did you ultimately take that trip to see the potential donor?

A I did, yes.

Q Together with your friend. Did you meet with the donor?

A We did meet.

Q What was the nature of that meeting with the donor on the situation?

A I would have to tell you first about my meeting with Channell because I had that before the meeting with the donor. We met the same day, and he said, you know, he says I'll be at the Mayflower Hotel at 2:00 and he says I'm carrying -- so you'll know me, I'm carrying a gold suitcase. So I said fine.

I showed up. There's a guy with a gold suitcase. We sat down and we had a drink together. He had apparently been meeting with somebody that day at the hotel. So he said -- he told me who he was, gave me his card. He was the president of this National Endowment for the Preservation of Liberty. He described it as a tax-exempt non-profit organization registered with the U.S. Government.

He said it has been successful in obtaining aid for the contras through this, and I said when I approach this donor -- and I gave him the guy's name and he didn't acknowledge knowing that individual -- but I said what can I tell this guy? He says well, you tell him it's a legal foundation. If they have any questions on it, the guy should consult his lawyer.

So essentially, armed with that information, I had the name of that foundation, I went to see this donor. So I wanted to give you that background.

Q Did you discuss with Channell the nature of the support that the foundation provided, his foundation, NEPL provided the contras?

A I hadn't heard that one. Not specifically, no. It was my understanding that if it was tax-exempt and non-profit and registered it was obviously on the up and up. And he gave me the impression that the foundation had been used quite a few times. In the back of my mind I wondered if this was one of the foundations that Ollie had described, North had, and I don't know to this day if it was, but I suspect it might have been.

Q Did you bring up the subject of North with Channell?

A He mentioned North. I guess more he said Ollie North has high regard for you, so I think basically what he was trying to say is that I'm okay. In other words, you're meeting with the right person.

Q So did that lead you to believe that North had put Channell on to you in a sense?

A Yeah.

Q Did Channell give you any reason to believe that any of the contributions that he was soliciting through his various organizations, including NEPL, would go for, let's say, lethal assistance to the contras?

A Not specifically at all. He didn't say that. I was left with the impression that basically, because of the way he described the setup, that I was aware of the problem with military aid, so I felt it was basically probably humanitarian or non-lethal anyway.

Q Did Channell describe in any way his activities to influence public opinion in the United States?

A Well, he was quite forward about himself, a rather articulate, somewhat impressive guy. He said that he had been doing a lot of lobbying on the Hill. He mentioned having met at one point the President. He said -- we were pretty much talking about resistance needs and so forth, but I got the impression that he was quite active on the Hill. In fact, I read about him later in the papers.

Q He didn't mention his media campaign in support of the contras?

A I don't think he did, no. I don't recall anything like that at all. It was about a 15-minute meeting.

Q Did you ever see Channell again after that meeting?

A Never did, no, but I talked to him. I called him when I came back from the donor. Now the donor said that he thought that maybe he could do something, but it wasn't going to be his money and he said that if indeed we could get -- you know, he said I'd be willing to put a few of my friends together and come up and have a briefing of some sort, you know, on the situation. He didn't say whoever you represent.

But, in other words, if you could come up and do that, that we might be successful in getting some money together.

Q Now just to get this straight. The donor is located up in New York; is that correct?

A Yeah.

Q And you have a friend also in New York?

A I have a friend here who knew the guy.

Q And the plan was that you and your friend would go to New York and discuss the situation of the contras with the donor?

A Well, yeah. I told the friend that I was interested in seeing if we could get some money.

Q And it was your understanding the donor wasn't going to use his personal funds necessarily?

A That was the sort of implication there. The guy wasn't real clear on that, but I thought he was probably sincere, that he would probably try to do what he could.

Q Did he refer to, let's say, a tax deductible contribution by a corporation or something of that nature?

A No. He was talking about personal friends of his. That was the idea. In other words, he'd have friends of his get together and have this briefing and see if we could get some money.

Q Did you have any reason to believe that the donor was an acquaintance of Bill Casey?

A No, absolutely not. Now I never told the donor what organization this was either. I wanted to have that in the back of my mind. So when I came back I called Channell and said I've got this guy who looks interested and I said that the only problem is, he's going to be tied up here. I basically explained to Channell over the phone what I have just told you, and Channell said yeah, that's great.

I said the donor probably is not going to be available until the first part of July. This was, now we're talking about mid-June. And he said okay. Channell said he was going to be taking some vacation until, I think he said, the 20th of July. And he said let me know after I get back. Let me know where the thing stands. And I think about four or five days later the House passed the $100 million bill, which came as both a relief and a shock to me because in a sense it was back to where the money should be, back in the U.S. Government.

Q Just to run through the dates a little bit again, you met Channell the first time -- I'm sorry. When did you meet Channell?

A It had to have been just before the weekend that I went up there, so this would be about the 10th or 11th of June when I actually met him. I met him the same day he called.

Q And then you went to New York.

A Um-hum.

Q Returned?

A Um-hum.

Q And then Channell was in New York?

A No. Channell was still here. He had given me his telephone number. I called him when I came back, just about after the 14th or 15th of June, and explained what the situation was.

Q Did Channell also go to New York to see the donor?

A The story is not over yet -- just about over, but not quite. I called Channell towards the end of July after he had come back, or maybe it was just after his return. I had also taken some vacation with my wife and children. And I called him and I said, you know, they've already passed the bill or they've passed the aid bill, so we don't need that any more, do we?

And he said, no, quite the contrary. We do need it. He said, as a matter of fact our prognostication of when the Senate will pass this bill or get this in Committee and get the money actually allocated could be two or three months from now, maybe even more. And he said indeed the situation is very desperate now because we've been getting reports of some starvation down in the resistance camps.

So he said can you arrange this. I mean, we need the money; So I said, sure, of course, or at least I'd try to do that. So I got ahold of the intermediary here, who I'm always dealing with. I don't think I talked to the donor again in person. In fact, I'm sure I didn't, either by phone or meeting. I said, can we arrange something? I said the situation is such that it looks quite desperate right now. Of course the aid money will be coming eventually, but right now it's a problem.

So my friend said he'd see what he could do. So what happened was this. We got the donor to agree to meet with Channell in New York. This would have been about mid-August now. The guy kept delaying. I was starting to think that this donor maybe really wasn't going to come across here and that we maybe sort of struck out on this deal, but I thought it was worth a chance.

And I talked to Channell. As a matter of fact, I talked to this girl named Jane McLaughlin, who apparently obviously worked for NEPL, and she kept calling me up and saying can we arrange this thing, and I said yeah, I think we've got a date. Can we do this in New York, in other words, rather than having the guy come down here. And Janie McLaughlin said yes, we can. Channell's going to be up there on business anyway at

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this specific date and can we set up some sort of a meeting at a hotel or something along those lines.

I said let's do that. They went to the hotel. The donor didn't show up.

Q "They" being Channell?

A Yeah, and I think Jane as well, McLaughlin. I think the two of them went.

Q And how did you discover that?

A Well, the guy says he's not there. He says we've been waiting for him. By this time I realized this donor's apparently not that serious.

Q Did they call you from the meeting place at the hotel?

A I think they did, as a matter of fact. They hadn't shown up.

Q The intermediary was there, too?

A No. Just Channell and McLaughlin waiting for the donor. And so finally the end of the story is that the donor doesn't show and I think a couple of days later I got a call. I was in touch with McLaughlin and I said I'm sorry about this, and she said well, we appreciate your help, that happens, and is there anybody else that maybe we can discuss and so forth. And she invited me down to the headquarters of this organization.

I spent, I guess, about 20 minutes with her,

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not Channell -- I didn't see Channell again -- discussing possible other donors that we might be able to go to.

Q What was the magnitude of the contribution that was envisioned from this donor?

A It's hard to say.

Q Did you ever have any discussion of the amount?

A You know, he may have mentioned something about $200,000 -- $100,000 to $200,000 -- he thought he could get together. At some point that was the magnitude of it.

Q So with respect now to Singlaub and Secord and North and Channell are the meetings and contacts you have described today to the best of your recollection the ones that occurred during the period we have discussed?

A Very definitely.

Q How have you supported yourself since you left the CIA?

A I have supported myself by my pension return, contribution, by the sale of land that I had purchased during my career in the Agency, and by my savings of being overseas for basically the last ten years or so.

Q And this pension contribution was a lump sum disbursement from your retirement account; is that correct?

A That's correct.

Q You were not eligible for retirement at this time; is that correct?

A That's correct.

Q Did you have any firm agreement with the Director or anyone else in the CIA concerning your return to the Agency after this period of unemployment?

A Absolutely no firm agreement at all.

Q And, to repeat, you had no contractual relationship with the Director or any official of the CIA or the Agency concerning your period outside the government?

A Absolutely not.

Q And, similarly, no contractual arrangement with the National Security Council?

A Absolutely not.

Q Okay. I believe in response to our request you were going to voluntarily provide your tax -- I believe a copy of your tax return; is that correct?

A Indeed that's correct.

Q We certainly appreciate that.

A Do I ever get it back? I guess it's a copy; it really doesn't matter.

Q We could make a copy?

A No, it's okay. I'll give it to you. Here it is. I also included a copy of the -- the question is really here this was sent to me. This is a contribution which is not taxable. In other words, it's not part of my taxes, but I wanted to somehow let you know that I got this. I don't have any problem giving that. Is there any problem? It's not classified.

Here's the full tax return. I got it in the mail, but it does say the Agency on it. It says contact the Agency.

MS. HUGHES: Can we go off the record?

(A discussion was held off the record.)

MR. FINN: Thanks for being so cooperative as to furnish your tax-related information, which I would ask the transcriber to enter into the record as [redacted] Exhibit 8.

(The document referred to was marked [redacted] Exhibit Number 8 for identification.)

Let the record also reflect -- and I invite counsel to make any comment she wishes to make on this -- that [redacted] has also supplied for our inspection a document which appears on a form numbered 12-77 3123A, entitled Notice of Refund of Retirement Contributions. And this form specifies that a refund check numbered [redacted] dated 12/10/86, is being mailed and that that check apparently would be sent to [redacted] at the address he gave for a refund of an unspecified nature in the total amount of $35,918.02.

And be it also noted that although the document is not classified that counsel has some objections to its being taken, accepted by the Committee, and that [redacted] will provide it to counsel, and the Agency has received our request for whatever version of this document is appropriate, even though it is an unclassified document.

Is that acceptable?

THE WITNESS: Can we go off the record a second? There's one thing you didn't say.

(A discussion was held off the record.)

MS. MC GINN: Let the record just reflect that this document does describe itself as a refund of retirement contributions, so that the amount of the refund is for his retirement contribution while a Federal employee.

BY MR. FINN: (Resuming)

Q [redacted] your intention in bringing this document was to show us the nature of the $35,000 and some odd contribution which would appear in your bank records?

A Precisely.

MR. FINN: Thank you very much.

THE WITNESS: If we could go off the record one more time?

(A discussion was held off the record.)

BY MR. FINN: (Resuming)

Q It's our understanding you'd also like to supply us records relating to the sale of three parcels of land which you've used to support yourself during your period of unemployment.

A Yes, and as reflected in my IRS statement.

Q We will certainly accept those at this time with thanks and thanks again for your cooperation. I would ask the transcriber to label this packet of documents [redacted] Exhibit Number 9.

(The document referred to was marked [redacted] Exhibit Number 9 for identification.)

MR. FINN: Once again, we thank you for your cooperation. It assists us in assuring ourselves that your employment status is actually as represented by you.

BY MR. FINN: (Resuming)

Q Just a few last questions. Are you currently an applicant for reemployment with the CIA?

A I am not, no.

Q Do you have any current intention to seek employment with the CIA in the future?

A No, I don't think so.

Q And finally let me just ask you a few last things. Have you been outside the United States at all since departing from the CIA?

A I have been -- actually no, but I've been in Puerto Rico about two months ago on business, on personal business. But I have not been, no.

Q And you've had no sources of income during the time except from those noted, the disbursement and the land sales and other personal savings or interest on those savings? You have had no sources of income in your period of unemployment?

A That is absolutely correct.

Q Your testimony is that you have not assisted the former Director of the CIA, Bill Casey, in monitoring the activities of private organizations providing support to the contras?

A Absolutely not.

Q And you have not been in Europe for that purpose?

A No, sir.

[redacted]

Q Have you ever heard the name Olmstead?

A Yes, I have, and it was either Olms or Olmstead that Richard Secord noted when we were talking about possible foundations, and it seemed to me that the name came up in that. In other words, he told me at one point, I think when we were having lunch, that he didn't know anybody in that, but then he mentioned the name either Olms or Olmstead. When you mentioned it the first time we got together, that rang a bell.

Q What was your understanding concerning the nature of that individual's activities?

A It was made in passing and the only thing -- it might not even have been Olmstead. It might have been Olms. But he mentioned the name of a possible fundraiser in that regard, and that was in relationship to the name.

Q Have you ever used the name Olmstead?

A No, I have never used the name Olmstead.

MR. FINN: Well, I think that may be all. We thank you very much for your cooperation and for coming in without subpoena on a voluntary basis.

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(A discussion was held off the record.)

MR. FINN: Let's go back on the record just briefly to make one further clarification.

BY MR. FINN: (Resuming)

[redacted]

Q And therefore your identity in connection with the CIA [redacted] is that correct?

A 'It's classified. I've sworn to an oath not to reveal that publicly [redacted]

MR. FINN: Thank you.

(Whereupon, at 1:04 p.m., the taking of the instant deposition ceased.)

____

Signature of the Witness

Subscribed and sworn to before me this _______ day of

__________________________, 1987.

____

Notary Public

My Commission Expires: ______________________________

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CERTIFICATE OF REPO[illegible]

I, Michal A. Schafer, the officer before whom the foregoing deposition was taken, do hereby certify that the witness whose testimony appears in the foregoing deposition was duly sworn by ME; that the testimony of said witness was taken by me to the best of my ability and thereafter reduced to typewriting under my direction; that said deposition is a true record of the testimony given by said witness; that I am neither counsel for, related to, nor employed by any of the parties to the action in which this deposition was taken, and further that I am not a relative or employee of any attorney or counsel employed by the parties thereto, nor financially or otherwise interested in the outcome of the action.

Michal Ann Schafer
NOTARY PUBLIC

My Commission expires: 2/28/90

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NO Date

- Nicarag. may have been forced to modify their A/O by Free. Ftrs.

C 5181

- Large & conducted through Nic.
- C³, log sup, guidance from Nic continues.
- Nic ability to support & actually intervene impacted by lack of FF
- Nic drug connection

-Dem/Repub leadership at same time

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RPI Rick Unit Corr. ~ Borders
Bozzel 515-266-6261
383-1961
Chief Burgett

Chris Su[illegible] 3145

[illegible] - 340-377/[redacted]
Merrill Kelly - 2348
Jeff Vaito

[redacted]

[redacted]

301-872-3644
Jon Steinb[illegible] - (o) 172-8303 (h) 220-0313
(8812) · [illegible]

[redacted]

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Partially Declassified/Released on 4 FEB 88
under provisions of E.O. 12356
by K. Johnson, National Security Council

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I [illegible] - 4037 - 337
8778 - 363 - 800
FORMER
CIA
OFFICER [redacted] Ex. #1

No Date

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Ex#2

6 Pages

1-0632 To 1-0637

DENIED IN

TOTAL

5261

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30 Oct 85

UNCLASSIFIED [redacted] Ex #3

Partially [redacted]/Released on 1/25/89
under provisions of E.O. 12356
by B. Reger, National Security Council

MEMORANDUM

TO : LT. COL. OLIVER NORTH

FROM : B. F. STUDLEY

DATE : OCTOBER 30, 1985

4:00 AM, October 29, 1985 - Washington, D.C.

Received a phone call from my source (ref. "W") inside [redacted]

"W" was insistent that I convey the following information to you IMMEDIATELY as he was concerned that information might end up in the hands of the media. In turn, they would confront you.

October 29, 1985, AM [redacted] - "W" was called to a meeting at [redacted] [redacted]

Authorities questioned "W" about the shipment that went from [redacted] to [redacted] on June 20, 1985. "W" denied that his ship was intended for the Contras. They then informed "W" of the following incrediable events.

A man named MARIO DELLAMICO (Cuban American, works for an arms dealer named RON MARTIN) walked into [redacted] two weeks ago.

Dellamico was asking their help in getting [redacted] to sell Ron Martin's Company, arms for Contras.

[redacted] answer was ABSOLUTELY NOT - it would be against their law. At that time Dellamico gave the [redacted] a copy of OUR PACKING LIST bearing the following information:

1. Shipment left [redacted] and was received by [redacted]

2. Itemized List of Inventory.

3. Ship's Name and Date of Departure.

4. Our Representative's Signature.

Partially Declassified/Released on 4 Feb 88
under provisions of E.O. 12356
by K. Johnson, National Security Council

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MEMORANDUM
PAGE TWO

As [redacted] questioned "W" [redacted] that same morning "W's" man (who handled shipment at [redacted] port) was called in by [redacted] authorities [redacted]

In both cases - [redacted] VERY ANGRY. [redacted]

"W" had an important shipment in port and was concerned they would stop shipment. ("W" said to tell you it is the first of five you are expecting.) "W" later called to say SHIP HAD SAILED.

"W" was furious that his contact (long and costly to form) could be blown. "W" is concerned about his sensitive shipment sitting in [redacted] port and also concerned that this could become international headlines.

The copies of our packing list has now gone from Washington [redacted] [redacted] because of Ron Martin's man, Dellamico.

"W" urges you to stop Ron Martin/Dellamico.

Dellamico was given packing list by [redacted] that accepted our shipment.

I am informed that Ron Martin and [redacted] are involved in attempting to force Contras to buy from them. Dellamico demanded [redacted] sell to Ron Martin the same goods that they sold to us. They refused - they are afraid of Ron Martin.

[redacted] is sending a special man to talk to "W" [redacted] on Friday, November 1, 1985 regarding this entire affair.

"W" maintains he has crisis there under control - however, is very concerned about Ron Martin.

Meanwhile - Martin's company still has copies of our documents -

ENCLOSED:

1. Copies of documents delivered to [redacted] by Dellamico.
2. Report from my representative that was in [redacted] to meet ship. The "Mario" referred to is Dellamico.
3. General John K. Singlaub has been advised of this information.

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[illegible]

[redacted]

OBSERVATIONS AND EXPLANATIONS

To Whom It May Concern:

Upon arrival in [redacted] I proceeded directly to the hotel, checked in and phoned [redacted] He was surprised at my presence [redacted] but welcomed me when I arrived in his office at 1100 hours, July 8, 1985. He then briefed me on the vessel's status.

On arrival in the port of discharge, the vessel anchored inside the harbor. At 1120, July 9, 1985 [redacted] one local customs agent, one local health official and I went aboard via pilot boat. With above personnel and [redacted] in the master's office, customs seemed confused and asked "Where is [redacted] The Port Captain answered [redacted] and customs seemed satisfied.

At 1135 customs, health and Agent went ashore and master showed me and Port Captain some cargo that he found loose in the hold after sailing from the loading port.

The cargo that was found and the Master's comments are in the Master's Report.

When the vessel docked it began to rain and I was approached by a man who introduced himself as Mario Hernandez. He was dressed as a civilian, but carried a side arm. He spoke fluent Spanish as well as English although English seemed his second language and he spoke it with a heavy Spanish accent. He represented the receivers of the cargo and was anxious to begin discharging.

Mario claimed that rain would not hurt the cargo and was prepared to sign papers holding the ship owner harmless for damage to the cargo incurred in discharge during the rain. This became a moot point as the rain stopped and discharge began at 1556 hours, July 9, 1985. It should be noted that Mario was known to [redacted] as "Mario D'Amico" and signed his name "Mario Rodriguez" to the Master's Report and the Order to Discharge. He seemed to move easily about the heavily guarded and restricted dock area giving orders to both "civilian" and military personnel.

He remained on the dock or aboard the ship at all times during the discharge as far as I know.

At 1210 hours, July 10, 1985, the master, in the presence of the port Captain and myself, gave Mario the cargo he found loose. Mario talked freely about where the cargo was made and about varios specifications of it. A young man in [redacted] uniform carried the loose cargo off the ship concealed in cloth and put it in Mario's car which was alongside the ship.

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After completion of the discharge Mario and I inspected the holds and the hatchcovers were replaced. Later, while checking out of the hotel at the discharge port, I saw Mario and learned that he had a room there. He asked if he could ride back to [redacted] with me and I said yes. While waiting in front of the hotel for Mario to pack and check out, I observed his two bodyguards arrive in Mario's jeep and enter the hotel openly carrying what appeared to be the cargo found loose by the master and given to Mario. I followed them into the hotel to Mario's room where they put down the cargo, carried Mario's gear to my waiting taxi and Mario and I then departed for [redacted] Mario carried an automatic pistol in his belt.

During the sixty minute ride [redacted] and a subsequent dinner we had together that night, I learned the following about Mario:

- he was born in North Carolina
- he has lived in Central America for 17 years
- his current home is [redacted]
- he has a wife and two children in the U.S.
- he has a wife in [redacted]
- he has a girlfriend in [redacted]
- he prefers Central America and would not return to the states
- he is not a U.S. citizen (although I thought I saw a U.S. passport through his shirt pocket)
- he is extremely well versed in current events and has a vast and detailed knowledge of world politics - both the policies and the players
- he could talk at length about the small arms and weapons systems of many different countries

At dinner Mario also informed me that three latin men were found by "his people" in a fourth floor room of a hotel near the docks. They had, in his words, "alot of sophisticated camera equipment" and were taking pictures of the port area. Mario said they destroyed the film and had the men in custody. He would not say who had them though. Because of many inconsistencies in his story regarding this matter, I had trouble believing it.

Other observations regarding Mario
- approximately 5'8"-5'9" tall
- approximately 175 lbs. (paunchy)
- usually wore very thick (1/2") glasses
- brown hair, advanced receeding hairline

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As a final note on Mario, I add my impression of him. I can only report what he told me and do not submit any of it as fact. While he seemed to have an important status and role in the receipt of this cargo and handled the mechanics of that job well, his character seemed confused. He seemed to boast at times about his position, but never said what it was. He liked to talk and often said more than I thought would be prudent. I found him talking to himself at times. He liked to tell stories about himself, his travels and his life but they often contradicted each other and I found it difficult to believe any of them.

Without having a thorough understanding of the logistics of this shipment, I make the following observations that may or may not be valid.

1) containerized cargo is more secure, attracts less attention, is easier and quicker to handle and could be handled in most weather conditions.

2) there is rail siding on the dock and offers another discharging alternative

3) the cargo was taken by truck to [redacted] ~~then to its final~~ destination; why not discharge at [redacted] and avoid many of the security problems found at the commercial docks

Michael W. Fields
MICHAEL W. FIELDS
8-6-85

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IN
Total

- 9 pgs

- BS 0010 - BS 0018
- G000006 and
  G000008 - G000015

UNCLASSIFIED [redacted] x # 4 NO Date

N 5518

1. OBJECTIVE

To create a conduit for maintaining a continuous flow of Soviet weapons and technology, to be utilized by the United States in its support of Freedom Fighters in Nicaragua, Afghanistan, Angola, Cambodia, Ethiopia, etc.

2. PROBLEM

With each passing year, Congress has become increasingly unpredictable and uncooperative regarding the President's desire to support the cause of the Freedom Fighters, despite growing Soviet oppression. The funds have not been forthcoming to supply sufficient arms necessary for the Freedom Fighters to win. Therefor, in leiu of the necessary funding to support this goal, the following 3-Way Trade is proposed:

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by K. Johnson, National Security Council

3. PROPOSAL

COUNTRY "A": [redacted] is capable of producing an ongoing supply of Soviet-compatible arms. [redacted] is at the same time trying desparately to upgrade their own military forces and equipment. They would like to purchase from [redacted] a wide range of military equipment.

COUNTRY "B": [redacted] would like to sell to [redacted] but [redacted] economy is not capable of supporting long-term credit or barter agreements. As such, the United States is the key in the successful 3-Way Trade.

COUNTRY "C": UNITED STATES. The United States is able to provide [redacted] with desired High Technology equipment and information. Based on this commodity, the Trade would operate as follows:

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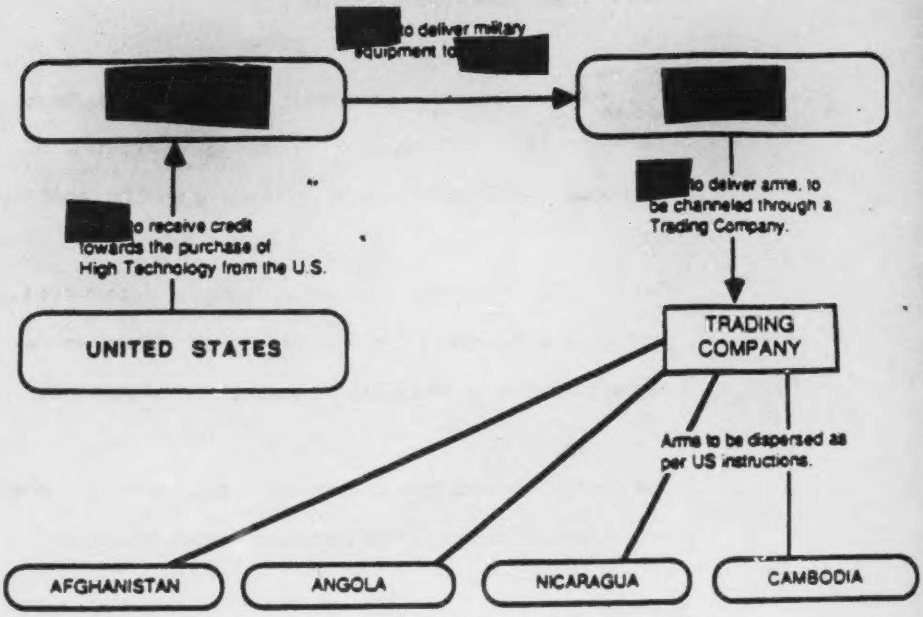
N 5519

3 WAY TRADE


[redacted] to deliver military equipment to [redacted]
[redacted]
[redacted]
[redacted] to receive credit towards the purchase of High Technology from the U.S.
[redacted] to deliver arms, to be channeled through a Trading Company.
UNITED STATES
TRADING COMPANY
Arms to be dispersed as per US instructions.
AFGHANISTAN
ANGOLA
NICARAGUA
CAMBODIA

UNCLASSIFIED

4. RESULTS

[redacted] sells equipment, which in many cases sits stockpiled at present, to [redacted] In retur [redacted] eceives from the United States equipment and technology that it could not otherwise afford to purchase.

[redacted] eceives much-needed modernization for its forces, thereby presenting a stronger threat to the Soviet Union. In return, [redacted] xports an ongoing supply of domestically manufactured arms, as per directions from the United States.

The United States then has at its disposal a large and continuous supply of Soviet technology and weapons to channel to Freedom Fighters worldwide, mandating neither the consent or awareness of the Department of State or Congress.

The United States would be in a position to dispense these shipments through a neutral Foreign Trading Company, established solely for this purpose.

[redacted] ould only be aware of the fact that it is to ship to the Trading Company such specified goods as requested, comparable in USD value to the equipment received from [redacted] would not be aware of the final destinations of any of the exported arms.

[redacted] would only be aware of the buying power extended by the United States for US technology, again in comparable USD value to the equipment sent to [redacted]

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The United States at present holds to a policy of providing assistance to [redacted] a goal which would be forwarded through this transaction. Likewise, the United States is committed to extending financial and technological assistance to [redacted] This too would be accomplished. There are many avenues available regarding the forms of credit which could be extended to Israel.

We have received confirmation from [redacted] and [redacted] that they are most interested in pursuing their role in this trade arrangement. Upon your encouragement and belief that the United States could perform its role, we will proceed with [redacted] and [redacted] defining their respective roles and the equipment they are willing to trade. This will serve to establish our initial parameters of equipment quantities, and the proportionate amount of credit required.

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[redacted] 20 Dec 85
Ex.#5

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RICHARD SECORD

C 1627

MEETINGS:

Date	Others Attending	Record?	Subject
20 Dec 85			
11 Feb 86			

PHONE CALLS:

Date	Subject
20 Dec 85	

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CIIN 1090

Executive Registry 84.66.8

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[redacted] Ex.#6

STENOGRAPHIC MINUTES
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Sealed testimony

5/5/87

Joint Hearings
of the

Select Committee to
Investigate Covert Arms
Transactions with Iran

U.S. HOUSE OF REPRESENTATIVES

Select Committee on
Secret Military Assistance
to Iran and the Nicaraguan Opposition

UNITED STATES SENATE

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Director of Central Intelligence, did you actually meet with him in connection with Nicaragua?

Mr. SECORD. Yes.

Mr. NIELDS. On how many occasions?

Mr. SECORD. Three occasions.

Mr. NIELDS. When was the first occasion?

Mr. SECORD. A few days before Christmas 1985, was my first meeting. I went to his office at Langley, met with him.

Mr. NIELDS. How was the meeting arranged?

Mr. SECORD. He called me in my office and asked if I could be over there in a few minutes. I wheeled right over there, I got in a little late because it was bad weather that day. But he saw me anyway.

Mr. NIELDS. Do you know why he called you?

Mr. SECORD. Later I determined he called me because North had suggested to him it might be a good idea for him to call me, but he, himself, did call me.

Mr. NIELDS. Will you describe your meeting?

Mr. SECORD. Yes. The meeting probably lasted 45 minutes, I would guess. As I said, just the two of us were there. It was a little bit humorous because at the start of the meeting he was doing most of the talking and I was making a few comments but we were talking about two different countries, and I didn't realize it for about five minutes.

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He was talking about Iran, and I was talking about the Nicaraguan scene, so we were hemispheres a part for awhile. The director was not the easiest guy I have ever communicated with, but I have great respect for the man, I want to make that very clear to the committee. He had a lot of strategic vision.

After we got the talking past each other the problem straightened out, and we got around quickly to the subject of Central America, which was the purpose of the meeting, he was talking about Iran only because he knew I had something to do with Iran matter which was not yet discussed and I won't get into that right now. We talked about the situation in Latin America.

I told him that I was not an expert on that area, that I felt inadequate about that area because I really didn't have any first-hand knowledge of the geography, the people or anything else. But he was well aware that we were cranking up his airlift operation, knew of its importance.

He asked me for my estimate of the situation, by that he meant the overall military-political situation, and I have him a brief explanation, and I told him that among other things that I felt that the contra had no chance of prevailing, none whatsoever, if we didn't get this airlift operation into the field, and even with it, even if we were very successful I had grave reservations about their ability

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to achieve any military victories. Of course--any significant military victories.

I didn't see any real moves to create a viable southern front. It never was done successfully thereafter.

Although I knew they had many thousand more men than they could successfully arm and train, I didn't see the logistics capability, I didn't see the intelligence capability and I did not see the leadership which is going to be required for a decisive military victory there.

Of course, it is possible that sufficient pressure could be generated by keeping them in the field to bring the Sandinistas to the table. I believe he shared my view of that situation, at least at that time.

He told me that they were very appreciative of what I was doing, and he said I had his admiration and asked what he could do, and I explain to him that I needed intelligence information, as I just discussed with you gentlemen. He took some notes on that; he was non-commital, he didn't promise me anything.

But he said he would look into it. Just as I was leaving that particular discussion, I said to him, Mr. Director, if and when you get your hunting license back--this was a kind of crude way to referring to hoped for congressional action--whatever assets were creating right now--by that I had in mind the air field which was just being scratched out and

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our air lift operation, and the material that went with it is yours, just walk in and it is yours. That I assure you.

He said, thanks very much, and I left.

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Mr. NIELDS. You were referring to the assets you were developing in connection with this air re-supply operation?

Mr. SECORD. That is correct. As I said earlier, it was not a profit-making picture for us. We were just trying to hold the line until we could get out of there.

Mr. NIELDS. When was your next meeting with Director Casey?

Mr. SECORD. The next meeting was at my request and it was a very brief meeting that took place in--I believe it took place in early February '86. I don't have any notes on it, but I remember it fairly well.

Mr. NIELDS. How was that set up?

Mr. SECORD. I called North and asked him to set it up, and he did.

Mr. NIELDS. This one was at your request?

Mr. SECORD. My request. I went to see him because I was unhappy, and I told him, Mr. Director, you and I are both too old to waste time beating around the bush. I have come here to complain.

Complain about what?

I said, complain about your organization.

What organization?

The Central--the task force, I said.

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He said, what task force?

I said, the Central America task force.

Oh, that one. What's the problem?

I said, the problem is I'm not getting any support. I wanted intelligence information, guidance; whatever support you can give us, I want. We want every bit of support we can get from you. Instead what we are getting is a lot of questions about the nature of Gadd's organization, how is it organized, who owns it, who has the share, what Secord is doing. It was like an investigation of our organization. They weren't supporting it.

I didn't need to be investigated. I needed to be supported, and that was the nature of my complaint, and I stated it firmly. Again he said he would look into it. The meeting was a brief meeting.

The last time I saw the director was quite a bit later, and I'm sorry but I cannot tell you what month it was in. I think it was before the May journey of Mr. McFarlane to Teheran in '86, but it might have been after, I'm not sure. But it was about that time frame.

This meeting concerned itself also with contra matters. I happened to be in North's office discussing something when the director called Colonel North, and North said that was the director, he wants to see me, would you like to go with me.

I thought we were leaving the building, but we weren't. We were just going around the corner to another office where he happened to be, the director happened to be. I went in and he said, good to see you again, General.

North and I sat down with him and the subject was raised-- and I believe this was a continuing discussion Colonel North was having with the director, because he went right into the middle of a problem, and that was the growing shortage of funds to support the contras.

North said that this was becoming a really critical problem, that donations to the cause were tailing off, they hadn't been materializing as they should, there were shortages in virtually everything, even food by this time.

The director stated that he wasn't at all confident that they would be able to get a new bill out of Congress in too short a period of time. He said that some people over here, meaning the executive offices, seemed to think they were going to be able to get a new bill rather rapidly off the Hill. But he didn't share that view.

North turned to me and asked me to give my estimate of the situation, so I had to give my estimate of the situation again. So I ran through quickly what I thought I knew about the situation at the time. I told him that this airlift operation, which was my area of concern, was also short of funds, we needed a lot of things, we needed a lot of new equipment.

I wanted in particular to buy some initial navigation equipment for the new airplanes but they were very expensive. We didn't have good weather radar either, and so on.

Casey asked me how much money is needed, and I said, well, it depends on what period of time you are talking about. Unless the Government, the U.S. Government, gets back into the support of the contras, you know, we are not going to make it.

That was the message I wanted to impart. It had to be done fairly soon, because these private efforts, while they can bring a little bit, they cannot supplant the kind of effort that can be put forth by a nation. No private organization ever has enough resources to do that kind of a job.

I have already mentioned intelligence and there are other areas. He said, well, a few months, the end of the summer, something like that, I guessed. I said I thought it would take about $10 million, I thought.

He said $10 million, $10 million, and then he mentioned the country which he thought might be willing to donate this kind of money. But then he said, but I can't approach them.

Why, I don't know. Why he couldn't approach them, I don't know and he didn't say. But he said that two or three

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times. And then he said, then he looked at me and said, but you can.

And I said, Mr. Director, I'm not an official of the U.S. Government. I don't think these people are particularly interested in solicitation from private citizens. I think that would be very foolish.

And then he mused about it again and North said somebody better damn well start looking into this thing right away because it is a rather desperate situation.

The director stated that he believed that George, meaning the Secretary of State, could make such an approach, though, and that was the bottom line. He said he would speak to the Secretary of State about this matter.

That was the last time I ever met with the director, although again he thanked me for the efforts that I had been involved with.

Mr. KIELDS. Any other government officials, other than the ones you have mentioned and Oliver North, who lent you support in this operation?

Mr. SECORD. None that I can think of right now.

Mr. KIELDS. All right.

I would like to return to the KL-43 messages. You should have one in front of you dated 4-28-86.

Mr. SECORD. Okay.

Mr. KIELDS. Who is that from and who is it to?

EXHIBIT # 8
INCOME TAX RECORDS
10 pages

DENIED IN

TOTAL

EXHIBIT # 9
LETTER WITH ENCLOSURES 12/9/86
10 PAGES

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TOTAL

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ALFRED C. DEVENPORT, Official Examiner, Toronto

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HPSC 038 /87

CONFIDENTIAL INTERVIEW DEPOSITION

of

DONALD FRASER

of

GEORGETOWN, GRAND CAYMAN

CONDUCTED BY:

A REPRESENTATIVE OF THE UNITED STATES SENATE SELECT COMMITTEE ON SECRET MILITARY ASSISTANCE TO IRAN AND THE NICARAGUAN OPPOSTION APPOINTED BY THE UNITED STATES SENATE

-and-

A REPRESENTATIVE OF THE SELECT COMMITTEE TO INVESTIGATE COVERT ARMS TRANSACTIONS WITH IRAN
APPOINTED BY THE
UNITED STATES HOUSE OF REPRESENTATIVES

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Held before ALFRED C. DEVENPORT, Official Examiner, in his Chambers, Suite 305, Boardroom, 65 Queen Street West, Toronto, Ontario, Canada, on the 29th day of April, 1987.

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(~~CONFIDENTIAL)~~ D. FRASER 1c

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ALFRED C. DEV[illegible]er. Toronto

RCMP, Toronto.

MR. GAMBLE: And I'm John Gamble, Counsel for Mr. Fraser.

MR. LISKER: At the outset, I'd like to make one statement for the record, and I believe we'll have another statement: That is that nothing that is asked of you this morning, by either the House or the Senate, will in any way be derived from any information received from immunized witnesses. In particular, nothing will be asked of you regarding Albert Hakim, or documents supplied to the various committees by Mr. Hakim.

MS. NAUGHTON: Pamela Naughton, for the House Representatives. We just want to put on the record that this is a Senate deposition, not a House of Representatives' deposition.

I'll be participating, but we'll be proceeding under the Senate rules.

MS. BEEN: Vicki Been from the Office of Independent Counsel. I'd just like to put on the record that we have received assurances from both the House and the Senate that no immunized materials, including the record -- any records or testimony from Albert Hakim -- will be used in the

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DONALD FRASER

was duly sworn by Alfred C. Devenport, Official Examiner, to testify to the truth, the whole truth, and nothing but truth in this Interview Deposition.

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MR. LISKER: Good morning, Mr. Fraser. My name is Joel Lisker. I'm an Associate Counsel with the Senate Select Committee on Secret Military Assistance to Iran and the Nicaraguan Opposition.

We have several other individuals in the room with us, and I'd appreciate it if each would identify themselves for the purposes of the record.

MS. NAUGHTON: Pamela Naughton, Staff Counsel, with the House of Representatives, Select Committee.

MR. DREIBELBIS: Dan Dreibelbis, Special Agent, FBI, assigned to Independent Counsel, to Judge Lawrence Walsh' investigation.

MS. BEEN: Vicki Been, Associate Counsel with the Office of Independent Counsel, Judge Walsh.

MR. LIZOTTE: Lionel Lizotte, with the

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process of their questioning.

MR. LISKER: Yes. Let me just add one thing to what I said previously. We may ask you questions about Mr. Hakim, but nothing from Mr. Hakim's immunized testimony.

MR. GAMBLE: Now, if I may just outline the series of questions and answers in the routine that will be followed today -- I'm not aware of the consequences of excluding questions that may arise out of immunized witnesses' previous testimony or depositions -- but the purpose of this series of questions and answers, to be made of and given by Mr. Fraser, is that he may be given an opportunity to respond to a legitimate series of investigations undertaken by agencies of the United States Government or Representatives of the United States Legislature, in both of its branches. The purpose being, on one occasion, to provide answers to questions related to the Secret Military Assistance to Iran and to the Nicaraguan Opposition, and not with respect to matters of a general nature related to the business of Mr. Fraser or his private or personal life.

It will be Mr. Fraser's intention to answer all the questions that he can with respect to this matter, the specific subject matter of investigation.

But it is sincerely hoped -- and as a matter of fact, it is one of the conditions of our arranging this series of questions and answers -- that there be a single interview.

Now, I would like to point out that if, subsequently, for some reason, which escapes me, some immunized witnesses' evidence might give rise to answering questions in similar circumstances, such as this, at another time, Mr. Fraser would object to it. So that I hope that all questions that is wished to be asked of Mr. Fraser, at one point or another, during this investigation, will be asked.

I notice Pamela Naughton's comments with respect to employing the Senate rules. I would sincerely hope -- and it was the intention when this meeting was arranged -- that the Select Committee of the U.S. House of Representatives, dealing with government arms transactions with Iran, would be given an opportunity to ask questions of their own.

It is not Mr. Fraser's intention to return again and answer questions that may be asked by

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any Representative of the U.S. House of Representatives' Select Committee to Investigate Covert Arms Transactions with Iran. This is an opportunity for the House to do so. And if the House chooses not to do so, it will not be Mr. Fraser's intention to return and answer any other questions.

This does not, of course, mean that he would not respond to any invitation to appear before either committee of the U. S. Legislature.

Now, having said that ---

MR. LISKER: Excuse me, Mr. Gamble.

MR. GAMBLE: Yes.

MR. LISKER: You said Senate rules. I think you meant to say House rules.

MR. GAMBLE: I thought that Miss -- rather, Pamela Naughton said that they were going to employ the Senate rules.

MR. LISKER: Well, we are employing Senate rules.

MR. GAMBLE: That's what I meant.

MR. LISKER: I'm sorry.

MR. GAMBLE: That's what I meant, and that's what I thought I said.

MR. LISKER: Yes.

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MR. GAMBLE: Yes. I just didn't understand the consequences; that if that meant that the House was -- and I'm talking about the House of Representatives -- was not about to ask their questions, then it bothers me, because this is the one single opportunity that the House of Representatives is going to have, because it was on that understanding that we arrange this meeting. So having said that -- Mr. Lisker.

MR. LISKER: Thank you, Mr. Gamble.

EXAMINATION BY MR. LISKER:

Q. Mr. Fraser, will you tell us what your profession is?

A. I'm a businessman; formally an accountant from Canada.

Q. And what is your background in business?

A. I'm a chartered accountant.

Q. Sorry?

A. I'm a chartered accountant.

Q. A chartered accountant?

A. The same as a CPA in the United States.

Q. I see. How and when did you first come in contact with Mr. Adnan Khashoggi?

A. I met him once, I think, at a -- in Monaco, at the casino, for a brief period of time, shook hands with him, in 1980 or '81. But I don't think he'd remember that meeting. And then I met him for the first time in March of last year, March of 1986.

Q. Prior to March of 1986, did you, to the best of your knowledge, have any business relationship with either Mr. Khashoggi or any enterprise under his control and direction?

A. No, I didn't.

Q. At the present time, will you identify those businesses or business organizations or entities -- partnerships, corporations, so forth -- with which you have an interest, in which you have an interest, in which Mr. Khashoggi also has an interest at this time, or has had an interest in the past?

A. I think the only one that I'm involved with is Skyhigh Resources Limited, which is a public company, traded on Vancouver, in which he is the Chairman, and I'm a director of that company.

Q. What is the relationship between the Triad group and Skyhigh Resources?

A. I don't think there is any relationship, as far as I know.

Q. Did you ever have a relationship with the

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Triad group or Triad U.S.?

A. I was president at one time of Triad America.

Q. And when was that?

A. I resigned about three -- I think about three weeks ago.

Q. And when did you become president?

A. Two times. I became president, I think, around the end of March, for a period, to the end of May, and then -- there will be documents on file in Salt Lake. I don't know the exact dates. And then I became president again, I think, around the 1st of September until this time, I resigned now.

Q. Three weeks ago. Under what circumstances did you become president?

A. What do you mean?

Q. How did you come to be president on those two occasions?

A. The company was troubled. I was asked to come on to try to solve the problems. I made certain recommendations, which people wouldn't accept at this -- in the first instance. And then the second time I came on, they accepted some of the recommendations, and reduced the staff. And I put the company into Chapter 11, whatever it is.

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Q. And who asked you to become president?

A. Who asked me? Mr. Khashoggi.

Q. And what did he tell you at that time?

A. I'm sorry?

Q. What did he tell you at that time, to persuade you to do this?

A. Oh, I thought it was probably my -- it didn't take much persuasion. I think I was caught up with being involved with Mr. Khashoggi, and having a chance to run a very large organization during that time.

Q. Well, what is your relationship with Skyhigh?

A. I'm a director of Skyhigh and an investor.

Q. And that begins in March of 1986, you said previously?

A. No, I've been -- I was a director for about two years.

Q. I see. How did you become a director of Skyhigh? Did you have a prior relationship with the company?

A. Oh, yes. I have been involved with several companies with a Mr. Philp (phonet.). And he is president of Skyhigh. And Skyhigh was a small resource company, and I'm involved with a number of companies.

Q. And do you have a capital position with Skyhigh, apart from your directorship?

A. Yes. I'm the largest shareholder in that.

Q. How many shares does that represent?

MR. GAMBLE: Oh, I don't know if that's material.

THE WITNESS: It's public knowledge, anyways.

MR. GAMBLE: Well, I still don't know that it's material.

MR. LISKER: Well, I'm just simply trying to get some understanding of his relationship with Khashoggi's enterprises and the depth of his commitment to Mr. Khashoggi.

THE WITNESS: I think Mr. Khashoggi has a very small position in Skyhigh. He didn't get involved until the summer of '86.

BY MR. LISKER:

Q. So, do you want to answer the question?

A. I don't know off the top of my head. It's over a million shares I have.

Q. And apart from Skyhigh, and these two positions as president -- there are two periods of time in 1986 and later in 1987 with Triad -- do you have any other relationship with Mr. Khashoggi, business

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relationship?

A. Well, there's lot of -- like I was explaining to Mr. Gamble, when I resigned from Triad, I resigned both times on a blanket resignation, stating that any companies that I was involved with, that I would either sign documentation, or this resignation was resigning from all the companies.

The Triad group and Mr. Khashoggi's companies, they're -- like the lawyers would put you on as directors, and I wouldn't know which companies I was a director of or an officer of. And so when I wanted to be indemnified, I asked for a blanket resignation from all the companies. And, also, all documents -- like I signed documents as high as this roof, and I just asked the lawyers for their okay, and I would ask to sign it. So I wouldn't have any idea what -- you know, what companies I was an actual director of.

Q. Which lawyers are you relying on for this advice?

A. The Salt Lake lawyers. Like the Triad laywers that were ---

Q. And the name of the firm?

A. The last one was Prince, Yates (phonet.). And I think the one before that was -- I can't think of

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the name of it.

MR. LISKER: Would it be possible, Mr. Gamble ---

THE WITNESS: It's the main one for Triad up until last summer, I guess.

MR. LISKER: Would it be possible, Mr. Gamble, to provide the committees -- and I suppose the Independent Counsel -- with a copy of the -- of some document which incorporates the names of these companies, the various companies?

MR. GAMBLE: It wouldn't, because as Mr. Fraser has just explained ---

THE WITNESS: Sorry, I don't have any ---

MR. GAMBLE: As Mr. Fraser just explained, he doesn't know what companies they are.

BY MR. LISKER:

Q. Okay. They didn't provide you with copies of what ---

A. Well, what you could do, I'm sure -- a Mr. Art Miller, when he went to your committee, the committees -- all those documents were subpoenaed at one time.

Q. Okay. Now, as president of Triad during those two periods of time, what were your responsibilities, specifically?

A. I was the general supervisor of the group of companies; mainly trying to reorganize, cut back the debt, and try to, I guess, eliminate companies that weren't needed. There was a real mess. Money was being wasted, and the company was going nowhere fast. It was going downhill very quickly.

Q. Now, what is your relationship with Vertex Finances, S.A.?

A. In which way? I was a director at one point.

Q. A director?

A. Yes.

Q. And how many directors ---

A. I'm not at liberty to answer that.

Q. And what does Vertex Finances, S.A. do?

A. Again, that's a Cayman Island company. I don't know if I can answer that.

MR. GAMBLE: The problem -- and you've run into this before -- I think all of you have -- is that Mr. Fraser is a resident of Grand Cayman, and he is required by the secrecy laws of that country not to make disclosures of any information that relates to Grand Cayman corporations.

I've spoken to Mr. Fraser about this, and in the event that those companies are his own personal corporations, a hundred per cent controlled by Mr. Fraser, I see no difficulty in releasing that information.

If there are other people involved, however, I think that it would be a breach of their secrecy laws to make disclosures of that information, and I have advised him accordingly. He's very concerned about his position in Grand Cayman.

THE WITNESS: Well, I think there is a treaty between the United States and Grand Cayman that you can request the information through the treaty. But a lot of information you've asked me, even if I do know it or don't know it, I have to answer the exactly the same, so you're going to get the impression that I may know some information, which I don't.

BY MR. LISKER:

Q. How about Euro Commercial Finances, B.V.?

A. That's my own corporation.

Q. Can you tell us what that company does and ---

A. It's basically just -- it's an investment company which holds my own investments.

Q. It's a holding company?

A. Holding company, basically.

Q. A personal holding company?

A. Personal holding company, and management company for some others.

Q. Does Euro Commercial Finances, B.V. have any relationship with the Triad companies?

A. I originally made a commitment to advance nine million dollars to Triad America. And the first time when I went in, I advanced -- started advancing. I advanced a million dollars. Then I advanced subsequent advances, which ended up being one million, seven hundred and sixty thousand. I stopped the advances when I saw that the money was -- that it was -- when I resigned as president. Like there was no -- and I took substantial collateral. For that I took the Triad Energy stock as collateral.

Q. Who solicited those loans from Euro Commercial Finances?

A. It was Mr. Khashoggi.

Q. And when was that?

A. That was in March, when I was president, in March.

Q. March of 1986?

A. Yes.

Q. So that was when you initially assumed the presidency?

A. Right.

Q. Was that a condition to your assuming the presidency?

A. That was part of it. It was part of the conditions of getting a loan, yes.

Q. In other words, you were seeking to assert your management skills over a company which was to become indebted to you?

A. Right.

Q. In the terms of overall indebtedness of Triad, where would a million, seven hundred and sixty thousand dollars fit in the scheme of things?

A. Very small. Very small.

Q. Do you know what the total indebtedness of Triad was ---

A. Not at the time, no.

Q. --at the time of your departure?

A. It's all on file, anyway. I don't know the exact figure. I wouldn't -- it's very substantial.

That was not the only loan. When I came back, I subsequently was advancing funds to Triad Energy, also.

Q. Now, there have been stories -- and which have appeared in the press, and I'm sure you're familiar with them -- indicating that at one point forty-three million dollars in loans, in advances, apperently secured by notes, were passed from companies, which you control, to Triad U.S.

A. Well, I didn't think it said what I control.

Q. Well, then Vertex -- well, I'm sorry, that's true. Euro Commercial Finances and Vertex Finances, you're correct. You don't control Vertex Finances. But through those two companies, to the best of your knowledge, is that a true statement?

A. The figure I don't remember, but I know that there was mortgages placed on some of the Triad properties, which would all be of record in Salt Lake, from Vertex. I don't know the exact figures.

MR. GAMBLE: From Triad?

THE WITNESS: Yes, from Triad and its various subsidiaries. But they would be all registered.

MR. GAMBLE: Yes.

BY MR. LISKER:

Q. Mr. Gamble indicated that you are a resident of the Cayman Islands -- of Grand Cayman. What other residencies do you have?

A. I'm also a resident of Monaco.

Q. And your citizenship is exclusively Canadian?

A. Right.

Q. Have you had frequent meetings with Mr. Khashoggi?

A. Yes.

Q. How many times have you met with him since you first began business with him in March of 1986?

A. Meetings or telephone calls and that? At one point, I would speak to him on a daily basis.

Q. Did you speak to others, senior advisors of Mr. Khashoggi's? Did you speak, for example, frequently with Mr. Furmark or ---

A. I was telling Mr. Gamble, Mr. Furmark I met for the first time three weeks ago, when I resigned. He was in Mr. Khashoggi's apartment in Paris. And that was the first time that I have ever met the man.

Q. Had you heard his name before?

A. Sure, in the press.

Q. Well, I mean apart from today. In the context of these stories or ---

A. No. Other than the press, and I read the Tower report, and that sort of thing.

Q. Again, according to press accounts, the indebtedness to which I referred earlier, was secured -- was obtained in three instalments. According to the press: Eight million with a

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promissory note on 11-15-85; seven million with a promissory note three days thereafter, which would be 11-18, and six million with a promissory note 1-5-86. To the best of your knowledge, is that true?

A. I remember documentation in March relating to that, yes.

Q. So it is true?

A. As far as -- it's on public record. Again, on Triad's records.

Q. Yes. Again, the same story said that there was a deed of trust, March 20th, 1986, for certain Utah real estate?

A. Right.

Q. To your knowledge, and without violating the secrecy laws of Cayman Islands, was all of the money that passed through the two companies accounted for in one form or another? In other words, assuming the twenty-one million dollars came from those companies that flowed into Triad, are you satisfied, in your mind, that the money -- that you know what happened to that money?

A. I never saw the funds in or out. Like I wasn't involved with the funds at all, so ---

Q. So you have no knowledge of what transpired ---

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A. I have no knowledge of that at all.

Q. Is Mr. Miller also a director of Triad?

A. He was at the first, from March to May, but that's the only time he was on as a director.

Q. Was he also solicited by Mr. Khashoggi to assume those responsibilities, or did you? Were you interested ---

A. You'd have to speak to Mr. Miller on that. I don't know.

Q. You didn't ask him to do it?

A. No.

Q. In your business dealings, in your normal business dealings, have you ever been involved, to your knowledge, in any business activities relating to the purchase or transfer of arms?

A. None whatsoever.

Q. And when I say arms, I mean not only weapons and implements of war, but materials which could be applied in way of supporting those items?

A. I'm not -- you have to understand one thing. I'm involved in the finance business. I'm involved in -- I trade on the stock market. I'm an investor. I have some small companies here in Canada. One, a manufacturing of steel buildings, and that is it. Like I'm not involved in any trading or arms dealings or

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anything like that.

Q. Well, apart from your participation in Vertex Finances, and your exclusive ownership of Euro Commercial Finances, B.V, what other companies do you participate in? I'm not speaking of shares held, you know, in the stock market, as an ordinary investor, but I mean, do you have official positions in any other companies?

A. Quite a few, but that's my private thing.

MR. GAMBLE: Yes, it is.

BY MR. LISKER:

Q. Not related in any way to Mr. Khashoggi ---

A. No, not related.

Q. --or any of the other individuals who have been identified?

A. You have to understand one thing with Mr. Khashoggi. I met him in March. I've received a lot of publicity about it. I finally have been able to resign and go back to the way I was living with a low profile.

And I have very, very little relationship with Mr. Khashoggi, other than right now through Skyhigh. And he's Chairman of the board, and I'm a director, and that's it.

I will still give -- if he needs my help, to give him consulting on Triad. I have agreed that I

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would. Because I'm -- they've taken a lot of my advice on cutting back where they should and eliminating some of the companies and that, but other than that, that's the total extent of my business with Mr. Khashoggi.

Q. Do you know Mr. William Casey, former CIA Director.

A. No, I don't.

Q. Mr. Charles Allen, former National Intelligence Officer for the CIA?

A. No, I don't.

Q. Do you know Mr. Manuchehr Ghorbanifar?

A. No, I don't.

Q. Mr. George Cave?

A. No.

Q. Okay. Do you know Mr. Cyrus Hashimi (phonet.), or did you know Mr. Cyrus Hashimi?

A. No. Some of these names you're saying -- okay, I've met a lot of people at Mr. Khashoggi's apartments, and things like that, okay, and -- but I do not know any of those people by name, other than I've read some of the people's ---

Q. Right.

A. --names from ---

MR. GAMBLE: You may know who they are, in other words?

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THE WITNESS: Yes.

BY MR. LISKER:

Q. But you don't know them personally?

A. No.

Q. General John K. Singlaub?

A. No.

Q. Michael Ledeen?

A. No.

Q. Emanuel Wiggensberg (phonet.)?

A. No.

Q. Mr. Nimrodi, Mr. Nir?

A. No.

Q. Do you know Mr. Kimche?

A. No.

Q. You have never met any of those people, to your knowledge?

A. Not to my knowledge.

Q. Have you had any discussions with Mr. Khashoggi, since this story broke, concerning Mr. Furmark's comments and how this thing evolved?

A. Well, I'm sure I have. Like I was very upset when it first broke. But I can't specifically remember exactly what I discussed about it, you know, but I'm sure I've commented about this to him.

Q. Well now, you know there were two stories initially. Mr. Furmark's version of the two angry Canadians, and then Mr. Khashoggi's subsequent press interview in which he said that that was a ruse, in order to put pressure on the CIA to come up with ten million dollars to satisfy an unnamed partner.

Do you have -- apart from what you have read in the press, do you have any information about those two events?

A. I have nothing. I tried to stick mainly to Triad. And when I went to the press trying to explain it, I got deeper and deeper into a bigger mess, so -- like I just stayed away from the whole thing.

Q. How many discussions with Mr. Khashoggi have you had since the story broke, approximately? How many discussions?

A. I have been talking -- like up to a point, I said I talked on a daily basis to him, when it was -- I had a lot of ---

Q. But how many of those discussions related to the press accounts and what was happening to you, as opposed to business of Triad and ---

A. I'm not sure.

Q. --Blue Sky?

A. I would -- I've just mentioned -- Skyhigh.

Q. Skyhigh. I'm sorry.

A. It would just be in comments that, you know, like I wish -- I'd say something: Like I wish this would straighten itself up and ---

Q. And what would he say?

A. He would assure me that it's fine, so ---

Q. Did he ever give any explanation to you as to why Mr. Furmark made the statements that he did?

A. No.

Q. Did you ever seek an explanation?

A. No, I never. It wasn't -- like I thought that -- I don't think Mr. Furmark ever said my name. It never came up, but it was -- like I never realized that he had actually said my name with them.

Q. Well, the names initially were, as I understand it, were garbled a little bit, but I believe he had your last name, or a last name which Mr. Khashoggi said was a ruse.

A. Oh, I never knew. I really didn't know that until now. Like I think, originally, when it came out that there were two Canadians, I thought that it was two other chaps that were involved with Barrick Resources.

Q. I'm sorry. Who are those two persons?

A. What's the guy's name now? My mind has gone blank, I think.

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MR. GAMBLE: Well, that's all right. I know one of them, but I don't know whether that's a -- I mean, this was just speculation on his part.

MR. LISKER: Well, I'm curious as to why he would have thought it was these two fellows.

THE WITNESS: It's just that they were dealing a lot closer with Mr. Khashoggi over the last number of years through Barrick, so -- okay?

BY MR. LISKER:

Q. Well, could we have their names? I don't expect you to recall them now.

MR. GAMBLE: I know what they are, but ---

MR. LISKER: Well, if it's not Mr. Fraser and it's -- you know, the other gentlemen ---

THE WITNESS: Well, I don't -- they are not involved. I don't think that they were involved at all, but ---

BY MR. LISKER:

Q. How would you know that?

A. Just from the understanding that no one was really involved.

Q. But you see the problem that we've been having with Mr. Khashoggi, and his various explanations of events, is that there seems to be something lacking

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in consistency; and depending how the spirit moves him at a particular moment, he offers a new explanation. And while I'm not suggesting in any way, shape or form that these men are actually involved, I would appreciate it, if it would be possible, to have the names, recognizing that this is not going to be a public transcript; that this transcript will be under our rules and under the House rules, and will not be released.

MR. GAMBLE: Well, how about the rules of the Select -- the ---

MR. LISKER: Independent Counsel.

MS. BEEN: Well, it's the position of the Office of Independent Counsel that this not being transcribed at our request. Why?

MR. GAMBLE: What's going to happen to this at this point?

MS. BEEN: We are absolutely bound by Grand Jury secrecy. We do not release our materials to anyone, as has been reported in the press, and as you alluded to earlier. We have no intention of releasing any of this information.

MR. GAMBLE: I just hate to implicate people that we now believe never in fact were ever involved.

MR. LISKER: With respect, Mr. Gamble, you haven't conducted an investigation.

MR. GAMBLE: No, I know that. I know that. But I suppose it may be material in answering your question. When the Canadians were -- the two Canadians were spoken of ---

THE WITNESS: I think it was in press there anyways, John. I remember the name, that one is Peter Monck (phonet.). I might as well say it. Peter Monck ---

MR. GAMBLE: Yes.

THE WITNESS: --and what's the other guy's name?

MR. GAMBLE: Gilmore.

THE WITNESS: Gilmore. It was in the Canadian press.

BY MR. LISKER:

Q. Mr. Gilmore's first name, sir?

MR. GAMBLE: I can't remember Gilmore's first name, but ---

MR. LISKER: I appreciate your cooperation. I understand your concern, but I assure you that ---

MR. GAMBLE: It's that we wish not to put you on to people that ---

MR. LISKER: Yes, yes. I completely understand, but you have to also appreciate that we are attempting to develop as much as information about Mr. Khashoggi as possible, for purposes of these various investigations. To that extent those individuals, who have dealings with Khashoggi, are of interest to us -- at least, in passing, and perhaps nothing more than that.

THE WITNESS: Well, they were involved in a public company with them also, and that was the only thing. And I think the press started off with them, and then their stock plunged and then ---

MR. GAMBLE: Yes.

THE WITNESS: --they made statements, and then our names came up, Mr. Miller's and my name, so ---

BY MR. LISKER:

Q. And the public company that they were involved with?

MR. GAMBLE: American Barrick.

THE WTTNESS: American Barrick.

MR. GAMBLE: American Barrick Resources, I think.

Q. Is it B-E-R-E-C-K?

A. B-A-R-R-I-C-K.

MR. GAMBLE: Yes.

BY MR. LISKER:

Q. Are you familiar with the company called Shaheen Natural Resources?

A. No. I'm familiar with a Shaheen, ---

Q. Which Shaheen?

A. --a name Shaheen, Bob Shaheen.

Q. Bob Shaheen. Do you know Mr. Richard Secord?

A. No, I don't.

Q. Mr. Thomas ~~Quaas~~ Clines, (phonet.) with an S?

A. No.

Q. Mr. Albert Hakim?

A. No, I don't.

Q. You never met him or ---

A. No.

Q. --spoken to him, to your knowledge?

A. No.

Q. Now, John Shaheen?

A. No. Like who -- is that a relation to -- I may have met a Shaheen ---

Q. No, no relation. There are two Shaheens, John and Robert.

A. Right. Is he related to Robert?

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Q. They're not related, no.

A. No. Oh.

Q. Mr. Schlomoko Zeit (phonet.)?

A. No.

Q. Mr. Raphael Eitan?

A. No.

Q. Mr. Fraser, do you travel abroad frequently?

A. Yes, I do.

Q. Do you travel to your Europe?

A. Yes, I do.

Q. Do you travel to Switzerland?

A. Yes.

Q. Which cities in Switzerland do you travel to?

A. I have traveled to quite a few: Zurich Geneva.

Q. Did you travel to those cities during 1985 and 1986?

A. I know I did in '86. '85, I'm sure I did, probably.

Q. And what would the purpose of your traveling be?

A. Usually business.

Q. Do your companies maintain accounts in Switzerland, banking accounts?

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MR. GAMBLE: When you're referring to his companies, you're referring to companies that he himself controls, and owned entirely by Mr. Fraser?

MR. LISKER: Yes.

MR. GAMBLE: Okay.

THE WITNESS: Well, that's all right. As long as they don't get frozen.

Yes, I do. My companies do.

BY MR. LISKER:

Q. And do you maintain accounts at the Credit Suisse Bank?

A. No, I don't.

Q. When Mr. Khashoggi is unavailable, who on his staff would you normally converse with, if it was important to speak to someone who could speak to Mr. Khashoggi or who could communicate with him directly?

A. If I have trouble getting ahold of him, I guess Bob Shaheen. I try to get him.

Q. Have you traveled with Mr. Khashoggi extensively?

A. Not that much, no.

Q. Have you on been on the Nabila?

A. No, I haven't.

Q. You must be [illegible] person who hasn't been

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on it, except for present company?

A. I have only been on his plane with him once, ever. I have been promised to go on the Nabila.

Q. And your travels with Mr. Khashoggi were when and to where?

A. I had one trip from New York to Denver. And I can't remember the date.

Q. It was '85 or '86?

A. '86. I think it's November, somewhere around there.

Q. I'm sorry. '86.

A. It was probably November or December, October -- somewhere like that.

Q. You indicated that -- I believe you indicated that you met him initially in 1981; was it?

A. '80, '81. Just shaking hands in the casino. I was friends with the casino managers. And he happened to be there, and he was coming through and he was talking to one of them, and I shook hands with him.

Q. And did they introduce you to him, or did you introduce yourself or what?

A. They introduced me, but it was like ten seconds -- sort of.

Q. All right. When you began your business relationship with him, how did that come about?

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A. I was introduced to him through Mr. Ernie Miller.

Q. And what was Miller's relationship with him?

A. I think they're friends.

Q. Are they business associates as well?

A. I -- you got me there.

Q. And at the time of Mr. Miller's introduction, what representations were made? Was it just an informal introduction, or was it an introduction with a view towards establishing a business relationship?

A. No. We both went on as directors at that time on Triad. And I guess it was mainly we were going on as directors to advance additional funds to support Triad, until they determined, you know, what was going to happen to the company.

Q. Why do you suppose Mr. Khashoggi came to you?

A. Well, through Mr. Miller.

Q. I mean why? I mean, it seems to me that, you know, given only this one big chance meeting, in a casino, in 1980, 1981 ---

A. Oh, it was from Mr. Miller. Mr. Miller I've known twenty years.

Q. And had Mr. Khashoggi previously approached

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Mr. Miller about securing some additional financing?

A. I don't know. Oh, yes, sure, he did.

Q. Did Mr. Miller explain this to you at the time?

A. Yes. That was the purpose of the meeting with Mr. Khashoggi and Mr. Miller and myself.

But the main thing was to try to save Triad. He had very, very bad management there. And like I said, I cut something like three or four million dollars of the overhead the first couple weeks I was there, and then things were just going downhill very, very badly.

Q. At the time you came on, as a result of this meeting which Mr. Miller set up between yourself and Mr. Khashoggi, did you have any understanding of Triad's difficulties?

A. Partly, but they were understated. They were substantially understated. And it was only until the end of April, early May, that I realized how bad they were, the situation was.

Q. Well, so you were coming on, not only to supply additional financing, but also to bring management skills and some organization ---

A. Right.

Q. --to a faltering company; is that correct?

A. That's right.

Q. And yet your only contact, apart from that chance meeting in 1981, was through Mr. Miller?

A. Right. It was through Mr. Miller's recommendation that I was brought on as president. Like he has known me, like I said, twenty years.

Q. Do you still have a good relationship with Mr. Miller?

A. Off and on.

Q. What do you know about Mr. Khashoggi's other business activities?

A. I don't really know anything about his business activities.

Q. From your position as president of Triad, U.S. -- I assume that that's correct?

A. Right.

Q. Were you briefed or kept abreast of Triad's daily situation? You know, their ---

A. The Triad America situation?

Q. Yes, Triad America?

A. Oh, yes. I tried to keep on top.

Q. Did Triad America -- I think it's pretty clear, from what you said earlier, that Triad America had some interlocking relationship with a whole host of other companies?

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A. Well, it has subsidiaries throughout the United States, yes. It has, well, subsidiaries in Florida and California and Utah and Texas. So it's a -- it was a substantial -- still is a substantial holding company.

Q. Does Triad, U.S. or the international company, to your knowledge, have any connection with Lonrho, the London-Rhodesia company, Lonrho?

A. Not that I know of.

Q. Headed by Mr. Tiny Rowlands, who is the -- Rowlands is the CEO?

A. No, I don't.

Q. Are you aware of any loans or credit extended in 1986 by Mr. Rowlands to Mr. Khashoggi?

A. No, I don't. Other than what I read in the press.

Q. Do you know the El Fiad (phonet.) brothers, in London?

A. No, I don't.

MR. LISKER: Well, why don't I break and allow -- give my colleague an opportunity here. And I would like to reserve the opportunity to come back afterwards.

MS. NAUGHTON: Okay.

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EXAMINATION BY MS. NAUGHTON:

Q. If we can go back, please, Mr. Fraser, to these loan situations. Did I understand you to say that Euro Commercial Finances loaned nine million dollars?

A. No. I committed to loan nine million. I ended up lending: I think it was one million, seven hundred and sixty thousand.

Q. Okay. When you committed to loan the nine million, for what purpose was that?

A. What purpose?

Q. Yes?

A. It was to fund the payrolls and bring some of the mortgages up to date and that, but the idea was that I was able to take -- I was supposed to be able to take a look at the situation. And the money would be spent the way I thought that it should be spent.

Q. All right. So this money was to be used for the management of Triad?

A. Right.

Q. Is that right? Was that in the committal? Was that specified in the committal?

A. No, but part of the commitment was that I was the president of Triad, and I was -- I had held the purse strings, and I was going to advance the funds as it was needed.

Q. So part of the deal was that you would become president?

A. Right.

Q. And the deal was consummated in March of '86?

A. Right.

Q. And Euro Commercial actually loaned one point -- what is it that you ---

A. One million, seven hundred and sixty thousand. I think that's the right figure. That's the figure.

Q. Okay. Was that in form of cash?

A. It was wire transfers. There was one for a million dollars, and then I wired funds to my lawyers, and they advanced the funds.

Q. Was that from the Bank of Montreal?

A. I don't know where they would have advanced it through. It would be coming from the Cayman Islands. So I don't know where they would have advanced it through Montreal.

Q. Do you bank at the Royal Bank of Montreal at all?

MR. GAMBLE: Well, those are different banks. There's the Royal Bank and the Bank of

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Montreal, two separate banks?

THE WITNESS: No, I don't bank with either one of them.

BY MS. NAUGHTON:

Q. You don't bank with either one of them?

A. Now, if it's being transferred, okay, the banks in Cayman may be using one of those banks to transfer it through. That's the only thing.

Q. What happened to the rest of the commitment on the nine million? Was that canceled at some point?

A. Yes.

Q. When was that?

A. When I left.

Q. When you resigned this last time?

A. No, the time before.

Q. The time before.

A. Yes.

Q. So that was ---

A. In May.

Q. --around May?

A. May.

Q. What made you resign in May?

A. The Board was at a deadlock, and I had to use my veto power for every motion, and it became very uncomfortable in dealing with the Board the way it stood.

Q. And what made you come back?

A. The other half of the Board was to resign and Mr. Manny Floor was to go off the Board, and it was basically that I could then start working without having my suggestions changed every two minutes.

Q. And was that also -- was part of the deal also another commitment for funds?

A. Yes.

Q. And how much was that commitment for?

A. It was supposed to be around five million dollars.

Q. Again, what were these proceeds to be -- this money to be used for?

A. They were used on a -- again, daily basis, to pay mortgages, salaries -- everything. It was always advanced in small amounts.

Q. Okay. So operating expenses?

A. Yes.

Q. And how much of this commitment was actually paid?

A. I'm trying to think of the figures. I advanced about 3.2, I think.

Q. Million?

A. Right. I'd have to go to the figures and see, because there were some other small loans that weren't involved with the commitment that --- but it would all be recorded in Salt Lake. I'm not sure of the exact figures.

Q. Okay. When you say -- well, first of all, would these be in the minutes of the Board meetings? In other words, would this require Board approval, or you just did it on your own?

A. Which?

Q. The ---

A. The funds advanced?

Q. Yes.

A. They would be advanced at the last minute, when I had to make the payroll or something like that, for something like that.

Q. And do you recall approximately how many advances there were? You said they were small loans.

A. Twenty. Twenty advances, approximately.

Q. And this is over the period of what time?

A. From September up until -- I guess when the company went into bankruptcy in January.

Q. And what made you resign this last time?

A. You're reading some of the press there right now. I want to get back to doing my own living.

Q. Did you ever get paid back any of the money?

A. Not yet, no. I'm well secured, but it will be the bankruptcy courts that will decide it.

Q. Was any of that commitment backed from collateral of stock in American Barrick?

A. No, it wasn't.

Q. Do you know of any loan, either in which you participated, or any loan at all, to your knowledge, in which American Barrick was put up as collateral?

A. I think through the -- I'm trying to think. There was a commitment that was signed by Triad America, but I don't think that loan went through. But there was some American Barrick that was supposed to be put up as collateral. But, again, the documentation would be in Salt Lake. But I think because that loan didn't go through, the collateral was -- like the guarantee was not taken down.

And then there was another loan, I think, that -- I'd have to take a look at the Salt Lake records and see exactly what loans there were. But I think there was a loan that was supposed to be for Barrick, but I don't know if there ever was a final instrument.

Q. Was there ever any one consummated in which stock from American Barrick was taken as collateral?

A. Not American Barrick. There was a

company -- another company called Barrick, which owned Barrick, okay, but not American Barrick itself. But I don't have the full details with me.

Q. What was that company's name?

A. I think it's just Barrick Investments, and then there is company called Horsham (phonet.), Horsham Investments. That's with those -- the other two Canadian chaps that ---

Q. In, let's say, September of 1986, do you know what the value of American Barrick Resources' stock was?

A. From about a quarter of what it is now. It's worth about eighty million dollars now. It was probably worth twenty then. It's gold stock, which has jumped dramatically. Twenty, thirty million.

Q. And when did it take the dive?

A. When did it -- what do you mean, when did it ---

MR. GAMBLE: It's not a dive. It was an increase ---

THE WITNESS: An increase.

MR. GAMBLE: --he's describing.

BY MS. NAUGHTON:

Q. An increase?

A. Well, it was worth twenty to thirty million dollars ---

Q. Then?

A. --in September.

Q. Oh.

A. And it's -- it went down and then went right back up. These are approximate figures. I don't watch that stock, in other words. But it was over forty -- it was over forty dollars Canadian last week, per share.

Q. Okay. Now, Mr. Lisker asked you some questions regarding larger loan figures. The reports I have was thirty-one million loaned to Mr. Khashoggi. Now, was that loan by Vertex?

A. The document, yes. Well, the documentation states that it was owned -- I'm trying to think -- like there were three notes or four notes, or whatever it was, and like it was all on file, again, through mortgages on the properties and so on.

Q. So ---

A. I think there was about a truckload of documents relating to those loans in Salt Lake.

Q. Were these loans by Euro Commercial ---

A. No.

Q. --or by -- by whom?

A. There was nothing by Euro Commercial. It

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was Vertex, okay, that was ---

Q. By Vertex?

A. Would this be the mortgagor or mortgagee? Mortgagor?

MR. GAMBLE: Mortgagee.

THE WITNESS: Mortgagee. The one that lends, that's the ---

MR. GAMBLE: That's right?

THE WITNESS: --mortgagee.

BY MS. NAUGHTON:

Q. Okay. By Vertex to Triad?

A. I think they were loans to Mr. Khashoggi, and then guaranteed by Triad.

Q. Guaranteed by mortgages held by Triad?

A. On Triad properties; some of the subsidiaries of Triad.

Q. Uh-huh.

A. Again, there's a very -- it's very involved documentation.

Q. Now, was this the -- this totaled the twenty-one million? Do you recall that ---

A. There was three notes, yes. I think it was twenty-one million, yes, ---

Q. Okay.

A. --that the mortgages relate to.

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Q. And do you know what period of time this was?

A. It was all documented in March of last year. And at the same time there was the ten million dollar loan in March, which I don't think we ever got advanced.

Q. Okay. Explain that to me. There was a commitment for a ten-million dollar loan?

A. Right. But that was supposed to be advanced, and I don't think it ever got advanced.

Q. And what was the collateral for that?

A. That was the one I said that was some -- the Horsham stock and the -- there was supposed to be some Triad stock, I think, and some Triad guarantees, but that loan I don't think ever went through.

Q. Why not?

A. Pardon?

Q. Why not?

A. I don't know.

Q. Of the loans to Mr. Khashoggi, or to Triad, have we covered them all now, of which you are aware?

A. As far as I know, of the funds that I have advanced, yes. Like there's hearsay on them, but I can't talk about hearsay -- about other loans. As far as I know, yes.

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Q. All right. Did Mr. Miller ever tell you that he had advanced Mr. Khashoggi any money?

A. I don't think he has personally.

Q. Any of his companies?

A. It's possible, but I don't know the figures. You would have to talk to Mr. Miller.

Q. Now, when Mr. Miller introduced you to Mr. Khashoggi, did he tell you they had known each other a long time? And what was the impression you got of their relationship?

A. I think they have known each other for awhile. I'm not sure exactly how long they've known each other. I have the impression that they're fairly good friends.

Q. And what exactly did they say, either Mr. Khashoggi or Mr. Miller, to get you involved in the March '86 transaction?

A. Well, they didn't have to say too much. Like I said, I was intrigued with the idea of being able to run Triad. And I thought that would lead to a lot of business connections, which I have met a lot of interesting people in business, but the connections aren't the way I want it to be.

MR. GAMBLE: You, for instance, Counsel.

BY MS. NAUGHTON:

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Q. What was Mr. -- Mr. Miller was put on the Board at the same time ---

A. Right.

Q. Did he have any financial interest in this transaction?

A. Well, he had -- Triad had guaranteed the Vertex loans, a group of them. And he's the Chairman of Vertex here in Canada, so ---

Q. What was the interest rate on those loans?

A. I'm not sure about that. I think it was prime or prime, plus something. I think mine was prime, plus one or something.

Q. Those loans the twenty-one million in the three notes, in March of '86, now, were those lump sum advances?

A. These were -- like the documentation I got involved with were for advances made prior to when I knew anything about the funds. So I don't know how they were advanced, whether it was a lump sum or partial advances.

Q. Did Mr. Khashoggi tell you about any other personal loans that he had received?

A. No.

Q. In any of your conversations?

A. No.

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Q. Why was it that Khashoggi needed money?

A. I don't know. You'd have to ask him.

Q. Well, I mean, you helped arrange and get money. What was his reason? Was it supposedly because he spends more ---

A. Well, Triad America was very, very short of funds.

Q. Uh-huh.

A. And I'm assumming that he's having a cash flow shortage, a problem also.

Q. I sort of gathered, from your comments, that you thought some of it was due to mismanagement. Is that true?

A. That was the -- how shall I -- in America anyways.

Q. All right. When you discovered this -- and you said April or May you began to get inklings -- why didn't you just pull out then?

A. Because I said that I'd -- I had recommended that Chapter 11 was the only way at that time; that the -- he wanted to save face; that he didn't feel that was the way to go, nor his brother.

And nine million dollars was going to be dumped in there, and was going to disappear just as fast as if he put in ninety million dollar in there, because it was just -- it was an endless hole.

Q. Explain how that means that you shouldn't have walked away?

A. I did walk away. I left, didn't I?

Q. All right. So you recommended Chapter 11?

A. Last year.

Q. --in May of ---

A. May.

Q. '86?

A. Yes.

Q. And it was Mr. Khashoggi that opposed that?

A. Well, not so much. There were other directors. The other directors opposed it.

Q. Who I assume are controlled by him; is that right?

A. Mr. Khashoggi is -- really didn't know that much about what was going on in the U.S. operation. It's from what I could understand. He was influenced tremendously by the other directors.

Q. There have been accounts in the paper regarding five million being provided to him by a Swami, or by a Saudi Arabian, in connection with the loans that they asserted that you had made to them for the arms deal. In other words, the assertion was, you put up ten million, and some Swami put up five. Are you aware of the identity of this individual?

A. No, I am not.

Q. Okay. What is your relationship, if any, to the Sultan of the Brunei?

A. Just what I read in the newspapers. That's all I know.

Q. Have you ever heard of that person other than in the newspapers?

A. Oh, in conversations with various people, but nothing -- I've never done business with him or talked about doing business with him or anything.

Q. All right. Have any of those conversations included Mr. Miller or Mr. Khashoggi or Mr. Furmark?

A. No.

Q. Do you know whether or not Mr. Khashoggi was doing business with the Sultan of Brunei?

A. No, I don't.

Q. Okay. Do you know of Transworld Arms? Have you ever heard of that?

A. No, I haven't.

Q. Now, this first hit the public media, I suppose, maybe sometime in late November. Would that be fair to say?

A. I think it was in mid-December when it hit.

Q. Mid-December?

A. Yes.

Q. All right.

A. I remember it well. The stocks fell out of bed like crazy.

Q. What did you do?

A. What did I do?

Q. Yes?

A. Tried to shore up the stocks. I was in the middle of a financing for one of the public companies. Went and held hands with Kidder Peabody three times, and tried to keep it alive, and then lost it.

Q. Okay. But did you call up Mr. Khashoggi?

A. I'm sure I talked to him several times on that, because I was having a lot of problems with Triad.

But I think my main concern at that time was I was involved with a number of public companies. And I started reaching the idea at that time that I'd have to start looking after my myself, and look after some of the things, or I was going to lose an awful lot of the -- my own investments. And I was going to lose a lot of my reputation, if I kept just going along with a lot of things.

I tried to go to the press at one point. I met with the RCMP as soon as I heard they wanted to meet with me.

And by going to the press, I think it backfired on me, because they took some of the statements I said, and made it as if I was saying other things in between, and then it came out -- other things from it.

Q. But as to Mr. Khashoggi, when this hit, didn't you call him up and say: what's going on here?

A. Well, I don't have ---

Q. Why didn't you tell him? Why didn't you tell him: I don't ---

A. I don't have that close a relationship. Like with Mr. Khashoggi, I have a business relationship. It's not the kind of relationship that I could call up and talk about that sort of thing.

Q. But this was ruining your business?

A. Yes.

Q. Then your statement is that you have never discussed it with him?

A. No, no. I said I have talked to him, okay. But at that time I was of the impression that it was just going to come out that I was not involved, okay, that I was speaking to him.

And I don't think the press was playing it -- it went in the press for maybe two or three weeks, that it was bad, okay. And when we tried to make statements, or I tried to make statements to the press, Maclean's magazine, or any of the other ones, it didn't really -- well then, especially the Salt Lake newspapers -- it didn't come out that good.

And it was through John and some of the other people that said: just lay off, and don't say anything to the press and keep quiet. So there was no point of me making statements.

Every time Mr. Khashoggi made a statement in the press, in any way, for any reason, and whether it was for Triad or anything, it affected the stock market tremendously.

And I was trying to put some major financing together for a couple other companies.

Q. Well, didn't you ask him then to stop talking to the press, or in the alternative, to tell them the truth?

A. It's not my place to tell Mr. Khashoggi not to talk to the press. He has all kinds of experts to tell him, but ---

Q. All right. Did you tell any of his people, that worked for him, that you would appreciate it if he didn't make these statement?

A. I had personal feelings that I spoke to certain people, yes.

Q. All right.

A. But I don't think that I should -- you know, that's my personal -- but I never came out to Mr. Khashoggi, and said: Look, Mr. Khashoggi, you shouldn't speak to the press. It wasn't my place.

Q. What about Mr. Furmark?

A. I never -- like I said, I've met Mr. Furmark for the first time about three weeks ago.

Q. All right. Had you spoken to him prior to that time?

A. No, I hadn't.

Q. Had you had any anyone on your behalf speak to Mr. Furmark?

A. Never.

Q. Now, you are aware that the details of these accusations come from Mr. Furmark; correct?

A. Uh-huh.

Q. All right.

A. That's what I understand from the press, yes.

Q. When you met him at Mr. Khashoggi's apartment, did you discuss this?

A. I shook hands with him. I said to one of the gentlemen, that I was with, that was the first time

I've met him, and that's -- that's it. I didn't even want to discuss it with him. I didn't want to be put in the position that I'd have to discuss things with Mr. Furmark.

Q. Why not?

A. I may have lawsuits pending, and I have to look after what I have to do with the press and other people.

Q. Mr. Furmark's statement, which is public record in the Tower Commission report, is that you had planned or were going to hold off suing him or Mr. Khashoggi for the money? Had you ever threatened Mr. Khashoggi or Mr. Furmark with filing a lawsuit to get your money back?

A. No. Like I was continuing to advance funds when he supposedly said I was going to sue.

Q. So, in October of '86 ---

A. I said that in the press. I told the press that, too, so it's ---

Q. I want to get the time frame down. In early October of 1986, you were still advancing money to ---

A. I advanced right up to January of '87. I slowed down considerably after December 15th, but just to keep a few things alive, until I could talk him into Chapter 11, and finalize Chapter 11.

Q. To the your knowledge, had Mr. Miller threatened to sue either Mr. Khashoggi or Mr. Furmark?

A. I don't know.

Q. But to your knowledge, he had not?

A. He had not, no.

Q. Is that something that you ---

A. I could not see -- Mr. Miller and Mr. Khashoggi were very close friends. I couldn't see them -- I couldn't see Mr. Miller suing Mr. Khashoggi.

Q. So when you saw -- by the way, when you met Mr. Furmark for the first time, is that the only time that you have met him, or have you met him since?

A. No, that's the only time.

Q. Have you spoken to him since?

A. No, I haven't.

Q. Did you and Mr. Furmark and/or Mr. Khashoggi discuss CIA Director Casey at all?

A. No, I haven't done that. Like I said, I only said hello to him. I've never said -- I don't think I said more than three or four words to him.

Q. Why do you think they would do this?

MR. GAMBLE: I couldn't hear that question.

BY MS. NAUGHTON:

Q. Why do you think they would do that?

A. I have no idea.

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Q. You certainly have some thoughts on it.

A. Well, just from what -- I guess maybe the last statement that Mr. Khashoggi made to the press was to put some pressure on collecting his funds. I have no idea.

Q. But I mean, Khashoggi has got other ways, don't you think, of getting ten million dollars, other than going to the Director of Central Intelligence?

A. I don't know what the game plan is.

Q. Well, what was -- you know the financial markets. What was his -- what, in October of '86, was his financial power, in terms of obtaining a ten-million dollar loan from somewhere?

A. I don't know. I don't know his personal -- Triad America could not get any funds at that time. Like I was having trouble financing on a day-to-day basis.

And the only reason I was advancing is that I had the most solid collateral involved, and we were looking at taking that into a public company.

Q. All right. And you're not aware of the financial status of his other enterprises?

A. Not at all.

Q. Did Mr. Khashoggi discuss with you, at any point, in your conversations, the status of the Middle

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East?

A. No.

Q. Did he discuss Iran with you?

A. No.

Q. Did he discuss any plans of his to invest in Iran when the war was over?

A. No.

Q. Did Mr. Khashoggi ever discuss the Israelis with you?

A. Not at all, no.

Q. What would you talk about when you saw him?

A. How I was going to make the payroll next week, and who I was going to fire, and whether I should -- I had something like eighty lawsuits going on in the company. Assets being seized. There was a lot to talk about.

MR. GAMBLE: Would you like to read some of the refinancing contracts in your leisure time? Fascinating reading.

BY MS. NAUGHTON:

Q. Did you have any of Mr. Khashoggi's bank accounts blocked for any reason?

A. No, not at all.

Q. No action to -- any garnishment of any assets or anything, attachments?

A. Well, I wasn't suing him for anything, so.

Q. Do you know Mr. Ghorbanifar?

A. No.

Q. So you never had any of his accounts, to your knowledge, blocked?

A. No.

Q. I'm going to show you two pictures, and ask you if you recognize either of those people?

A. No, I don't.

Q. I'll give you this. I'll be asking you these names that appears in this photograph. Okay. I'm going to ask you a series of names.

MR. GAMBLE: Well, do you want to identify who these people are. They're rather ---

BY MS. NAUGHTON:

Q. For the record ---

MR. GAMBLE: This appears to be a photograph of someone calling himself Albert Hakin, H-A-K-I-M, and the other -- a rather bad photograph, of someone by the name of, apparently, Richard V. Secord, S-E-C-O-R-D.

And Mr. Fraser can't identify either one of those gentlemen.

BY MS. NAUGHTON:

Q. Mr. Fraser, I'm going to ask you a series of names, and my questions as to all of them, will be the same: That is, have you ever either met, spoken to, or heard of these individuals, other than in public media? Okay? So in other words, if you heard Mr. Khashoggi mention this name, I want to hear about that.

If, however, you've only read about them in the newspapers, we don't particularly care to hear about that.

A. Is there a chance of getting a glass of water?

MR. GAMBLE: Certainly. Off the record.

OFF THE RECORD.

EXHIBIT NO. 1: List of Names.

BY MS. NAUGHTON:

Q. My question was, once again: I'm going to read to you a series of names, and ask you if you have ever met, spoken to, or otherwise communicated with, by letter or memorandum, or heard of these people, other than in public media and the press.

Elliott Abrams?

A. No.

Q. Charlie Allen?

A. No.

Q. Adolfo Calero?

A. No.

Q. Carl Spitz Channell?

A. No.

Q. Duane Clarridge?

A. No.

Q. Edward de Garay?

A. No.

Q. Robert Dutton?

A. No.

Q. Graham Fuller?

A. No.

Q. Richard Gadd?

A. No.

Q. Max Gomez?

A. No.

Q. Donald Gregg?

A. No.

Q. Albert Hakim?

A. No.

Q. Had you ever heard of him?

A. Not really, no.

Q. When you say "not really", do you have some vague recollection?

A. Well, today and -- mainly today.

MR. GAMBLE: There is a picture. One of them is of this gentleman, Hakim; wasn't it?

MS. NAUGHTON: Yes.

BY MS. NAUGHTON:

Q. How about a Manny Copp, C-O-P-P?

A. No.

Q. Robert McFarlane?

A. No.

Q. John McMahon?

A. No.

Q. Richard Miller?

A. No.

Q. Amiram Nir?

A. No.

Q. Oliver North?

A. No.

Q. Robert Owen?

A. No.

Q. H. Ross Perot?

A. I have known ---

Q. Do you know him?

A. I don't know him myself, no, but I've discussed him with people.

Q. All right. In connection with business dealings?

A. Hoping to do business dealings, but nothing ever matured.

Q. All right. Were any of these negotiations -- did any of them involve Triad?

A. No. This is before I knew Triad.

Q. John Poindexter?

A. No.

Q. Al Schwimmer?

A. No.

Q. Ted Shackley?

A. No. Is that the Shaklee from the Shaklee's ---

Q. Products? No.

A. No.

Q. I don't think so.

A. Because I -- no, we were looking at doing some things along the -- similar to the Shaklee stuff.

Q. Howard Teicher?

A. No.

Q. Chuck Tyson?

A. No.

Q. Faith Ryan Whittlesey?

A. No.

Q. Do you know who she is?

A. No, I don't.

Q. When you made trips to Switzerland, did you ever have any business or go to the American Embassy in Berne, or the Council in Zurich or Geneva?

A. No. I was only there, I think, once last year.

Q. Okay.

A. I think only once.

Q. What about a man named Willard Zucker?

A. No.

Q. In Switzerland, there is a company -- I'll refer to as CSF. Have you had any dealings with them?

A. No.

Q. I may have asked this. I apologize if I did. But of the money that was advanced, that you advanced, did any of it get paid back?

A. No, it's not ---

Q. Okay. So it's just in the bankruptcy state now?

A. It's still in the bankruptcy state, yes.

Part of it is not -- Triad Energy is not in bankruptcy, so the part that they owe me is still -- it may go into bankruptcy. It's not in bankruptcy yet.

Q. It's in Chapter 11?

A. No. It's not in Chapter 11.

Q. Is it in reorganization?

A. Well, it's one of the subsidiaries that's not in Chapter 11, which probably -- you know, the trustees will probably bring it into Chapter 11.

Q. Okay. So what is in Chapter 11 right now?

A. You would have to get the list of the companies from Salt Lake. I can't remember. There is about nine or ten companies that are in Chapter 11.

Q. But what I'm getting at: in terms of the structure, are these companies that are owned by Triad?

A. Triad America, right.

Q. Okay. They are all subsidiaries of Triad America, and Triad America itself.

Q. Have you ever employed or do you know of any law firm that at one time handled the case involving President Nixon?

A. Not that I know of.

Q. When I have asked you the question about the Swami earlier, would it fresh your recollection to refer to some Saudi Arabian in Los Angeles, who might have political connections with Senator Cranston? Do you know anybody that would fit that description?

A. No.

MR. GAMBLE: If we can just go back a moment. On that question about a law firm that represented former President Nixon, Mr. Fraser said no.

If you want to identify the law firm, then he may be able to answer the question ---

MS. NAUGHTON: Yes. I don't know.

MR. GAMBLE: --in a more precise way.

MS. NAUGHTON: I don't know.

MR. GAMBLE: Oh, all right. Okay. He has dealt with a lot of law firms, and maybe one of them did act for former President Nixon, in buying ---

MS. NAUGHTON: Right.

MR. GAMBLE: --a house in California or something, and he wouldn't know about it.

MS. NAUGHTON: Right.

MR. GAMBLE: Do you see my problem?

MS. NAUGHTON: No. I understand that. That's as good a description as I have.

MR. GAMBLE: Oh, okay. All right.

BY MS. NAUGHTON:

Q. When did you first learn of the Iran arms transaction?

A. From the press. I can't remember the day.

Q. And when did you first hear of Mr. Khashoggi's involvement?

A. In the press.

Q. Do you remember how soon after?

A. I really don't know.

Q. Were you surprised?

A. Was I surprised? It's his business. It didn't surprise me, no.

Q. Have you ever had any business transactions with Iranians? That is, people who were under the Shah, who are now living elsewhere in Europe?

A. My company shipped buildings there previous, but that was before I owned the company.

MR. GAMBLE: Yes.

THE WITNESS: Well, since I -- no, I don't. I'd have to say no.

Just to clarify that, I have a building company that had previously shipped buildings to Iran, but that's before I owned the company.

BY MS. NAUGHTON:

Q. Was that at the time of the Shah?

A. Yes, it was.

Q. And you haven't done any kind of business with any Iranians currently running the Iranian government?

A. No.

Q. You had indicated to Mr. Lisker before that you did not know a Mr. Hashimi, but had you heard anyone speak of him?

A. To the best my knowledge, no.

Q. Have you ever heard of Lake Resources?

A. No. Just in the newspapers.

Q. You have not heard of it prior to that time?

A. No.

MS. NAUGHTON: Okay. Those are all the questions I have.

MR. LISKER: Okay. If I could -- with your indulgence, if I can could go back and just finish up, and then move on.

EXAMINATION BY MR. LISKER:

Q. My questions basically will go back over some of what we have previously covered.

If an individual comes to you and seeks financing for a business, what steps do you take before you offer the money, or undertake to make a commitment for financing?

A. Well, it will vary, but I check the collateral and I check who the person is.

Q. When you say you check who the person is, how do you do that? By word of mouth?

A. Credit rating or something like that.

Q. The Dunn & Bradstreet type. Do you ever employ independent investigators to make some sort of a financial assessment to give you a ---

A. No, it's usually ---

Q. --more complete picture?

A. Usually myself.

Q. Yourself?

A. Yes.

Q. And what resources do you have available for that sort of check?

A. Myself.

Q. You just call people who -- you ask for references? Do they complete ---

A. Oh, sure.

A. --some sort of a credit application form?

A. Like if you're referring to why would I advance to Mr. Khashoggi in this state, ---

Q. Exactly.

A. --you can go to about forty different banks that have done the same thing, and haven't even taken collateral.

Q. Did you go to those forty banks or any of the banks to check his ---

A. No. Well, I -- I took very good solid collateral and I took Mr. Miller's recommendation

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that ---

Q. So you felt completely ---

A. I felt that I'm the only creditor that secured.

Q. How do you know that that collateral has not previously been pledged?

A. Because I have it in my possession.

Q. You have the deeds of trust; is that what you are saying?

A. I have the Triad Energy stock in my possession.

Q. Okay. I thought there were also some real estate deeds that ---

A. Oh, that's for Vertex.

Q. I see.

A. I wasn't involved in that, as I said, if that's what you're talking about.

Q. Have you ever received any commission on the loans made to Mr. Khashoggi?

A. No, I haven't.

Q. Have you traveled to the Middle East?

A. I've traveled -- the only place I've been be in the Middle East is Bahrein.

Q. All right. When was that?

A. Christmas, three years ago. My wife's

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sister lives there.

Q. I see. You've never been to Saudi Arabia?

A. No.

Q. Nor Israel?

A. No.

Q. Nor Lebanon?

A. No.

Q. Do you know a man by the name of Bandar Bin Sultan al-a Aziz? Prince Bandar, B-A-N-D-A-R, Bin, B-I-N, Sultan, S-U-L or O-L, T-A-N, al, A-L, dash A, A-Z-I-Z, Aziz.

A. I'm going to answer this carefully, because I met a Saudi prince at the opening of Mr. Carter's Library, and I'm not sure whether that was -- I forget the name of who I met.

Q. Do you recall what he looked like? Could you describe him?

A. No.

Q. Was he in ---

A. No, he was ---

Q. --Saudi dress?

A. No, he wasn't. He was in western dress.

Q. Beard, mustache, round face?

A. I think -- I'm trying to think if he had a beard. I was more taken that President Reagan was

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there that day than anything else. There was a lot people there.

Q. Was he introduced to you as the American ambassador -- the ambassador to the U.S.?

A. Yes.

Q. Thanks. Okay, that would be him.

A. He wasn't introduced to me. He spoke. He did a presentation. I've never been introduced to him, although I saw him. He did a -- he spoke at the affair there.

Q. And did you speak to him at all?

A. No, I didn't.

Q. And that was your only contact with this individual?

A. Yes.

Q. The Swami, the elusive Swami, Mr. Swamaji Maharaj (phonet.) -- who seems to have enormous influence on the Sultan of Brunei and several U.S. politicians and a few heads of State around the world -- had you ever heard his name before?

A. I know a Swami, okay. I met him through Mr. Miller, but that's the only way I met him. I met him for the first time sometime last year. I'm not sure of when it was.

Q. Was he in sort of robes and with jewelry and ---

A. Uh-huh.

Q. Okay. Where did you meet him?

A. I met him several times. I've met him at Mr. Miller's house here in Toronto, and I've met him at Mr. Khoshaggi's apartment. I can't remember anything else. And I met him in Los Angeles. He was in Vancouver, but I don't think I met him that time when he was in Vancouver.

Q. In these various meetings which you've just described, what time period are we speaking of?

A. Oh, in the last eight to ten months, I think.

Q. And on how many occasions was Mr. Khashoggi present?

A. I don't remember.

Q. Was he generally present?

A. I'd say half the times, I guess.

Q. Did you have any conversations with the Swami?

A. No.

Q. With ---

A. I've talked to him, but, you know, just generally.

Q. Do you have any sense of the influence which the Swami exerts on Mr. Khashoggi?

A. None whatsoever.

Q. Does it strike you as bizarre that Mr. Khashoggi is frequently in the company of the Swami?

A. Not at all.

Q. Do you understand what the role of the Swami is in any of this?

A. No, I don't.

Q. Is he a social acquaintance, a financial advisor, a business partner? Do you have a sense of where it fits?

A. No, no. He has a lot of followers. Like I was at his -- I attended his birthday party, and Elizabeth Taylor was there, and there was all kinds of people.

Q. At the Swami's?

A. Yes.

Q. Are you aware of any of the Swami's business enterprises?

A. None.

Q. Do you know anything about the Swami's relationship with the Sultan of Brunei?

A. None.

Q. And I think you said previously that you are not aware of any financial relationship between the

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Sultan and Mr. Khashoggi; is that correct?

A. I don't know of any, no.

Q. Have you ever heard of a company called ISI? It doesn't stand for anything, just the initials ISI.

A. No.

Q. Have you ever been solicited by anyone, directly or indirectly, for funds to support the anti-Sandinista forces?

A. No.

Q. Do you have under your direction or control, or are you participating in any companies which are registered in Panama?

A. I had one, but I think it's probably not in force now. Well, I'd say no now. I had one, but it's not related to anything that ---

Q. That you owned exclusively?

A. I owned fifty percent with another party, but it's -- I'm sure it's fifty percent with another person, but it had nothing to do with this. And it goes back about four or five years now, I would say.

Q. I see. You had said previously that you do not know Michael Ledeen?

A. Right.

Q. Is that correct?

A. Right.

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Q. Do you know Richard Pearle?

A. No.

Q. P-E-A-R-L-E. Do you know Stephen David Bryen, B-R-Y-E-N?

A. No.

Q. That's S-T-E-P-H-E-N.

MR. LISKER: I believe those are all the questions that I have. Thank you.

MS. NAUGHTON: Can I ask one more?

MR. GAMBLE: Certainly.

MS. NAUGHTON: Okay.

EXAMINATION BY MS. NAUGHTON:

Q. When you would see the Swami in the company of Mr. Khashoggi or others, what were they discussing?

A. I wasn't there to hear them discuss anything.

Q. Well, now I'm confused. Were you in the same room with them?

A. Very rarely. I'd see them talking but like if I was there. It would just be in and out, and I would be introduced, but I would not be sitting around discussing anything with them.

Q. All right. But did you hear what they were discussing?

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A. No.

Q. They would stop when you got into the room?

A. I really wouldn't be paying -- like if I came in to the room where they were, I would probably be just in and out to speak to Mr. Miller or Adnan for something, and then I would be out, but I've never sat in a room and discussed things with them.

Q. All right. Do you know whether or not Mr. Miller did any business with them, with the Swami, in particular?

A. Oh, they are very good friends. I ---

Q. But do you know if they did any business together?

A. No, I don't.

MS. NAUGHTON: Okay. That's all I have.

MR. LISKER: Thank you very much.

Off the record.

(DISCUSSION OFF THE RECORD.)

MR. GAMBLE: The undertakings between Counsel are now going on the record.

MR. LISKER: In portion one of the deposition, in the deposition which we conducted before we left, part of that record, my undertaking simply is this, as simply stated as I can: That in terms of the payment for this deposition, since the Senate was involved in its portion of the deposition with the House, and the observers, that the Senate will, under its rules, assume financial responsibility for that portion of the record.

Because the Senate has not participated in the second portion of the record, conducted by the Independent Counsel, under our rules, we are prohibited from paying for that portion, so that other arrangements will have to be made.

It is further my undertaking that upon receipt of the original deposition, which Miss Naughton and I participated in, that a copy will be sent by overnight mail, immediately, to Mr. Gamble for his use, provided that he agrees with an understanding that the transcript will be neither quoted from, nor reproduced, and that no dissemination beyond Mr. Gamble and Mr. Fraser will be made.

MR. GAMBLE: Yes. And I agree with that undertaking, subject to one qualification, that the transcript may, indeed, be used in any further proceedings in which the Senate or the House of

Representatives may be involved.

MR. LISKER: That's fine.

MR. GAMBLE: But otherwise the material will be kept strictly confidential, and only Mr. Fraser and myself will have access to it.

MR. LISKER: Now, with respect to Independent Counsel, it's my understanding, in speaking with Mr. Paul Barbadoro ~~[illegible]~~ (phonet.), that in order to make a dissemination of our portion, of the transcript, the Senate's portion of the transcript, to the Independent Counsel, a vote of the Committee will be required.

He has given me to understand that that is a pro forma matter, and that there is nothing which, to his knowledge, or to my knowledge, would preclude such dissemination. And, in fact, both he and I, and those involved in this investigation, will make every effort to arrange for the transmission of this document to the Independent Counsel as soon as the vote is completed; and that should be as soon as possible.

MS. BEEN: Okay. And I'd like to put on the record -- Vicki Been, from the Independent Counsel's Office -- that we agree to to go forward with our interview on the basis of the undertaking, to provide us with a transcript of this morning's session, the first session. That we understand that the Senate has to go through the formality of taking a vote. That we further understand that they will do everything possible to make sure that that vote is to give the transcript to the Independent Counsel. And that we agree to this arrangement on the understanding that we would not object to Mr. Fraser providing the Senate with a copy of his transcript, in exchange for the Senate not blocking us from getting a copy of the morning transcript.

MR. LISKER: That's fine. We're parting friends.

MR. GAMBLE: Now, just let me suggest that we take this intervention and discussion among Counsel from the place where it appears in the transcript, as it now exits, and put it immediately at the end of the conclusion of Counsel's examination of Mr. Fraser. So that we can place it where it belongs, and assume that there was simply a recess while all this discussion went on, and we're now on with Mr. Dreibelbis again.

MR. LISKER: Okay.

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MR. GAMBLE: All right?

MR. DREIBELBIS: Certainly.

MR. LISKER: Thank you very much.

MS. NAUGHTON: Okay. Thank you all.

MR. LISKER: Bye, bye.

MR. GAMBLE: Thank you.

--- 0 ---

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PROVINCE OF ONTARIO)
CITY OF METROPOLITAN TORONTO)
JUDICIAL DISTRICT OF YORK)

I, Sonia V. Bowra, Chartered Shorthand Reporter, do hereby certify:

That the Witness in the foregoing Interview Deposition named DONALD FRASER, appeared before me and was in my presence sworn to tell the truth, the whole truth and nothing but the truth for the Interview Deposition; that the said Interview Deposition was stenographically reported by me and was thereafter transcribed into printed booklet form, all to the best of my knowledge, skill and ability.

I further certify that I am not counsel nor attorney for either or any of the parties hereto, nor am I in any way interested in the outcome of the issues in this matter.

IN WITNESS WHEREOF, I have hereunto set my hand this 4th day of May, 1987.

Sonia V. Bowra

SONIA V. BOWRA, C.S.R.

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PROVINCE OF ONTARIO)
CITY OF METROPOLITAN TORONTO)
JUDICIAL DISTRICT OF YORK)

I, Alfred C. Devenport, do hereby certify:

That I am an Official Examiner of the Province of Ontario, Canada, authorized under the Laws of the Province of Ontario, to administer oaths of Depositions;

That the witness in the foregoing Interview Deposition, named DONALD FRASER, was duly sworn to tell the truth, the whole truth and nothing but the truth in this Interview Deposition.

I further certify that I am not counsel or attorney for either or any of the parties hereto, nor am I in any way interested in the outcome of the issues in this matter.

IN WITNESS WHEREOF, I have hereunto set my hand, this 4th day of May, 1987.

A. C. DEVENPORT, Official
Examiner in and for the.
Judicial District of York.

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NOTICE

ONLY AUTHORIZED PERSONNEL ARE ALLOWED IN THE OFFICE. ALL DOORS ARE TO BE KEPT LOCKED. THIS POLICY IS EFFECTIVE IMMEDIATELY.

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when I returned
12/15/86

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under provisions of E.O. 12356
by K. Johnson, National Security Council

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EXHIBIT
Fraser Exhibit
Ex. 1

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No Date

This is Exhibit No. 1
on the examination of:
Mr. Fraser
held on April 29, 1987
ALFRED C. DEVENPORT
Official Examiner

ABRAMS, Elliott
ALLEN, Charles
[redacted]
BASTIAN, James
BERMUDEZ, Enriquez
BRENNEKE, Richard J.
CALERO, Adolfo
CALERO, Mario
CANNISTRARO, Vince
CARRILES, Luis Posada
CASTILLO, Thomas
CAVE, George
CHANNELL, Carl R. (Spitz)
CHAVEZ, Linda
CLARRIDGE, Duane "Dewey"
CLINES, Thomas
COOPER, William
CONRAD, Daniel
CUTTER, Paul
de GARAY, Edward
deGRAFFENREID, Ken
de MIRANDA, Pires
DUEMLING, Ambassador Robert
DUTTON, Robert
EARLE, Robert
EISENBERG, Guri & Israel
FERCH, John
[redacted]
FISCHER, David
FRASER, Donald
FULLER, Graham
FURMARCK, Roy
GADD, Richard
GARWOOD, Ellen
GHORBANIFAR, Manuchehr
GILLESPIE, Lt. Col. Wayne
GODSON, Roy
GOMEZ, Frank
GOMEZ, Max
GOODMAN, Adam
GREGG, Donald
HAKIM, Albert
HULL, John
KHASHOGGI, Adnan
KIMCHE, David
KOJELIS, Linas
LANGTON, William
LEDEEN, Michael
LILAC, Robert H.
McFARLANE, Robert
McMAHON, John N.

Partially Declassified/Released on 10 Feb 88
under provisions of E.O. 12356
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EXHIBIT
Fraser Exhibit
Ex. 2

MAESTRI, Raphael
MATTES, John
MEDINA, Ramon
MENGES, Constantine
MILLER, Ernest
MILLER, Richard
MILLER, Walter
MOLL, Herman
MOSSAZ, Jacques
NIMRODI, Yaacov
NIR, Amiram
NORTH, Oliver
OWEN, Robert
PEROT, H. Ross
POINDEXTER, John
POSEY, Tom
QUINTERO, Raphael
REICH, Otto
RODRIGUEZ, Felix
SANCHEZ, Nestor
SAWYER, Wallace
SCHWIMMER, Al
SECORD, Richard
SHACKLEY, Theodore
SHAHEEN, Daniel
SINGLAUB, John K.
SPORKIN, Stanley
TAMBS, Ambassador Lewis
TEICHER, Howard
TERRELL, Jack
TRACY, Larry
TYSON, Charles B.
WATSON, Sam
WHITTLESEY, Faith Ryan
ZUCKER, Willard

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SELECT COMMITTEE TO INVESTIGATE COVERT
ARMS TRANSACTIONS WITH IRAN
U.S. HOUSE OF REPRESENTATES
AND
SELECT COMMITTEE ON SECRET MILITARY ASSISTANCE
TO IRAN AND THE NICARAGUAN OPPOSITION
UNITED STATES SENATE

- - -

Wednesday, July 1, 1987
Washington, D.C.

Deposition of EDIE FRASER, taken on behalf of the Select Committees above cited, pursuant to notice, commencing at 1:44 p.m. in Room 901 of the Hart Senate Office Building, before Terry Barham, a notary public in and for the District of Columbia, when were present:

For the Senate Select Committee:

THOMAS McGOUGH, Esq.
Associate Counsel

4104

LAWRENCE EMBREY
Senior Investigator

Declassified/Released on 12-28-87
under provisions of E.O. 12356
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Associate counsel

THOMAS FRYMAN, Esq.
Staff counsel

BILL DAVIS
Investigator

For the deponent:

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ROBERT CASEY
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PROCEEDINGS

Whereupon,

EDIE FRASER

was called as a witness and, having been first duly sworn, was examined and testified as follows:

EXAMINATION BY COUNSEL THE SENATE SELECT COMMITTEE

BY MR. McGOUGH:

Q Ms. Fraser, my name is Tom McGough, I'm associate counsel with the Senate Select Committee; seated to my left is Tom Fryman who is associate counsel with the House Select Committee. I will be asking the questions initially; Mr. Fryman will then conduct his questions on behalf of the House Committee. We are conducting a joint investigation, as you are probably aware.

MR. OLIVER: I may also have some questions.

BY MR. McGOUGH:

Q Mr. Oliver, also representing the House Committee, may also have some questions.

A Certainly.

MR. McGOUGH: Let's have this marked as Exhibit No. 1.

[The document referred to was marked for identification as Fraser Exhibit No. 1]

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BY MR. McGOUGH:

Q Ms. Fraser, let me show you what has been marked as Exhibit No. 1. It consists of a deposition subpoena and a subpoena duces tecum, requesting production of certain documents.

Did you receive a copy of this subpoena?

A Counsel showed it to me today, yes.

Q Did you bring with you, Ms. Fraser, certain documents in response to that subpoena?

A I believe we've got all relevant documents.

Q All right, can we take a look at what you brought with you? I'm sorry, you say you believe you produced all the relevant documents, or you have them with you right now?

A We think--correct me--we gave Larry Embrey the relevant documents of what was requested. And I think those are the documents that are warranted.

MR. LEONARD: To our knowledge, I think we have provided you at our last meeting, Mr. Embrey, with all the documents. Our conversation related to originals. I don't think Ms. Fraser has any originals other than those which may have been given to you.

MR. EMBREY: We also discussed on the phone attachments, and there were attachments indicated on the correspondence. We discussed that in our phone conversation.

THE WITNESS: I think we have all of those. The attachment that bears on basically the letter to Mr. North listing the background is the background paper--and this is the fact sheet on the Nicaragua Refugee Fund attachment. Attachment was basically the leadership of the Nicaragua Refugee Fund.

MR. McGOUGH: Well, let's do this: just so the record makes a little more sense when we start talking about attachments, let me mark two exhibits, Exhibits 2 and 3, Exhibit 2 being a letter dated December 27, 1984, to Oliver North from Edie Fraser, and Exhibit 3 being a letter of March 4, 1985, to Oliver North from Edie Fraser. We will identify those first.

[The documents referred to were marked for identification as Fraser Exhibits Nos. 2 and 3]

THE WITNESS: That's correct. To Exhibit 1, which is the prior letter, December 27, the background papers are the fact sheet and the request form, right?

BY MR. McGOUGH:

Q Let's slow down for a moment here. I think you are referring to the letter of December 27, 1984, that is Exhibit 2, and you have handed counsel two documents.

A "Overview of Nicaragua Refugees."

Q And the second document is?

A "Nicaragua Refugees."

Q And you believe that those were the attachments referred to in the letter of December 27? That's Exhibit 2.

A No, I'm sorry, those were the attachments to the letter of December 12th.

MR. McGOUGH: All right, let's mark December 12 as an exhibit.

[The document referred to was marked for identification as Fraser Exhibit No. 4]

Now, this is Exhibit 4--and we will make sure that everybody walks away with copies of everything marked as a deposition exhibit.

BY MR. McGOUGH:

Q But you believe that the two documents that you have identified before, the headings being "Overview of Nicaraguan Refugees" and "Nicaraguan Refugees," the latter being a two-page document, were the attachments to the December 12 letter?

A I do.

MR. LEONARD: Counsel, can I suggest that we mark those 4-A and 4-B for the record?

MR. McGOUGH: That's a splendid idea.

[The documents referred to were marked for identification as Fraser Exhibits Nos. 4-A and 4-B]

THE WITNESS: Excuse me, can I just see the

December 27th? I just gave up my copy.

BY MR. McGOUGH:

Q Let's refer, then, to what has been marked as Exhibit 2, the December 27, 1984, letter, if you would. Take a look at what has been marked as Exhibit 2, and that is the letter of December 27, 1984. That letter also refers to attachments.

Take a moment and attempt to determine if you have the attachments to that letter.

A Did we give that to you last time, that is, not the attachment--the attachment was just the background on the Sultan of Brunei, and I don't have that with me--I thought we gave that to you. We should have it in the file.

MR. EMBREY: I obtained two documents, and those are the ones that are marked 2 and 3.

THE WITNESS: I don't think that ever went to the White House; I mean, this was internal.

MR. LEONARD: Was that an attachment to this letter?

THE WITNESS: I don't believe so, no. This was the attachment which is the background--this is the attachment which is basically the background on the Sultan of Brunei, just the background.

MR. McGOUGH: We are going to have to have that marked as another exhibit, then, because when you refer to this the record is not going to be particularly clear. This should be marked Exhibit 5.

MR. LEONARD: I don't think so. I think it should be marked 2-A so it is connected with the letter to which it relates.

MR. McGOUGH: I understand your point, Jerris, but let's mark it 5 because it's actually a separate letter dated the day after the December 27 letter.

[The document referred to was marked for identification as Fraser Exhibit No. 5]

BY MR. McGOUGH:

Q For the record, would you just describe that document by addressee and date, Ms. Fraser.

A The letter is to Oliver North; it's the background on the Sultan of Brunei.

Q And it's dated December 28, 1984?

A That is correct.

Q Now, Exhibit 2 is a letter dated December 27, 1984, to Oliver North, is that correct?

A That is correct.

Q Now, with reference to any of the exhibits in front of you, do you have an opinion or recollection as to what the attachment was to the letter of December 27?

A My recollection is that this was the attachment; it says "On the background of the Sultan of Brunei." This is the attachment to the letter of the 28th.

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Q Exhibit 5.

A Yes, correct.

Q So that you sent a letter on December 27 with an attachment dated December 28th? I mean, that's the incongruity I am trying to explore.

A My recollection may have been it all went December 28th; in other words, this was the background to this, from my recollection--this is what it says, "Here's the attached background,," and this is what it is. Whether this went the 27th--probably they went together on the 28th, it was just dated on the 27th, and that is the attachment.

Q Now, the letter of December 28, would you have referred to that as a memo, as opposed to a letter--if you would look at the last words in the text of the letter--or might there have been a separate memorandum dealing with the background of the Sultan of Brunei?

A This says "Attached is the background on the Sultan from Brunei."

Q Right, but I was looking at the end of that paragraph, where it says "See attached memo."

A I have to apologize. Now that I read the first paragraph, this indeed was the attachment on the 27th, which basically--because if you read that--"We are attaching the initial list which went to the potential members of the honorary committee." This was the attachment; there was no

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attachment on the letter of the 28th.

MR. McGOUGH: Let's mark this, then, as Exhibit 6.

[The document referred to was marked for identification as Fraser Exhibit No. 6]

MR. LEONARD: This was attachment to a letter of which date?

MR. McGOUGH: December 27.

BY MR. McGOUGH:

Q Now, Ms. Fraser, you came to that conclusion based on a reading of the first paragraph. The second paragraph also refers to an attachment, however, does it not?

A But that was the only thing that went over to the White House was the letter of December 28 on the Sultan of Brunei. This is the background on the Sultan from Brunei.

Q So your recollection is that the letter of December 28th was also an attachment to the letter of December 27?

A That's my recollection, yes.

Q Which brings me back to one of my original questions, which is would you have referred to this letter of December 28th as a "memo," as it would appear to be described at the end of the second paragraph in your letter--"See attached memo"?

MR. LEONARD: Counsel, for the purpose of clearing this up and getting it straight, could I have just a minute to confer with Ms. Fraser?

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MR. McGOUGH: Sure.

[Brief consultation and discussion off the record]

MR. LEONARD: Let me, if I can, just say that after the off-the-record discussion with Ms. Fraser, she had in her possession at the time she wrote the letter of December 27, 1984, a memorandum from the State Department on the Sultan of Brunei. It appears that she dictated the letter of the 27th and then decided, rather than send the memorandum, to put the information in the memorandum in the form of the letter of December 28th.

THE WITNESS: That's correct.

MR. LEONARD: That's how the letter of December 28th became the attachment to the letter of the 27th.

BY MR. McGOUGH:

Q So at this point it's your recollection that there was no attachment to the letter of December 27 relating to the Sultan of Brunei?

A No, just the first paragraph attachment.

Q But the letter of the 27th was in fact sent to Oliver North?

A In reality it probably all went on the 28th, all right, but I don't recollect that; we probably held it up one day till we pulled the other attachment, which was in the form of a letter.

Q Let's look for a moment at what I believe has been

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marked Exhibit 3, a letter dated March 4, 1985. That also refers to an attachment, does it not?

A What that was was basically the list--Jerris, I'm not sure we had--it's just of the people that were the co-chairs of the honorary committee, the dinner, and the co-chairs--and that's all it was in terms of that list. Do you have that, Larry? I mean, it was just a list of the people--whether it was Pat Boone or Frank Borman, it was that list of who had signed up; that's what that attachment is.

MR. LEONARD: Well, let's take just a minute, if we might ---

MR. McGOUGH: I'm informed, by the way, that we did not receive that attachment before, but I will give you a moment to see if you can locate it.

[Pause]

THE WITNESS: Let me go back and read the first letter that went over to the White House and see if that was the later attachment or not.

[Pause]

It looks like that that was the attachment on the 27th, but let me look at those names again.

[Pause]

I may have to go check that--and I'm sorry, Jerris, if I don't know; it looks like that that was the memorandum that we already attached to the record of the first letter,

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the 27th, is correct in terms of the advisory and the honorary committee. So therefore it's my recollection that all we did was list those people that had signed up on the honorary committee and the advisory--by March is the attachment, but I don't seem to have a list in front of me, right? And so therefore we would have to check. These were the people that had signed up; I mean, this is attachment which shows a letter of March 9, which were the people.

MR. McGOUGH: We are going to have to mark this. When we talk about "this's" and "that's," we ought to mark them as exhibits.

[The document referred to was marked for identification as Fraser Exhibit No. 7]

THE WITNESS: Those were the individuals.

BY MR. McGOUGH:

Q So the people listed on Exhibit 7 were the advisory committee?

A That's exactly right.

Q Ms. Fraser, as you were discussing this with counsel, you were also reviewing a manila file, which appears to be a collection of some documents of some kind. Is that your file? Is that Miner and Fraser's file? I should ask, how was that compiled, how were those documents compiled?

MR. LEONARD: Counsel, I don't know what you are referring to by a manila folder. Are you talking about the

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one in front of me?

MR. McGOUGH: Yes. My question is if that's Miner and Fraser's file or if that's your file?

MR. LEONARD: This is my file and this is simply copies of what we ---

THE WITNESS: I think it's the exact same thing in there, plus his notes.

MR. McGOUGH: Okay, I'm obviously not interested in Mr. Leonard's note.

MR. LEONARD: There is nothing in here except the documents and a few notes, with all of your names on it. There is nothing in there of any value, I assure you.

BY MR. McGOUGH:

Q That's fine. What I'm trying to do is make sure that we have in fact seen or been given an opportunity to see all the documents relating to ---

A I believe that is it.

Q Particularly all of the documents relating to Oliver North.

A That's a hundred percent relating to Oliver North.

Q You mean a hundred percent of the documents relating to Oliver North have been produced?

A Exactly.

MR. LEONARD: That are in her possession.

BY MR. McGOUGH:

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Q That are in your possession--or the possession of Miner and Fraser.

MR. LEONARD: Correct.

THE WITNESS: That's correct.

MR. LEONARD: I don't know whether we tied up the list of the advisory committee members with the letter of March 4.

MR. McGOUGH: We can do that.

BY MR. McGOUGH:

Q The stationery with the list of the advisory committee on it has been marked as Exhibit 7. I believe you said it was your recollection that it was that--not necessarily Exhibit 7, but those names that were on the attachment that went with the letter of March 4.

A Correct.

MR. LEONARD: So, in other words, that attachment is being offered only for the purpose of showing the list of the people that are printed on it and not for the substance of what is contained in the memorandum to Sugar Rautbord, which is not relevant--at least hasn't been made relevant to this inquiry at this point in time, is that correct?

THE WITNESS: Correct.

BY MR. McGOUGH:

Q Ms. Fraser, let me just tack on one other question on the document production: Have you also produced all

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documents in your possession or in Miner and Fraser's possession that relate to the Sultan of Brunei?

A Yes.

Q Let me get some background, if I could. You are employed by or a principal in the firm of Miner and Fraser, is that correct?

A That is correct. The firm is now Miner, Fraser, Gabriel.

Q You will have to spell "Gabriel" for the court reporter.

A G-a-b-r-i-e-l.

Q And when was "Gabriel" added to the masthead?

A In March, 1987.

Q And where are your offices located?

A 1025 Connecticut Avenue, Northwest, Suite 900.

Q How long have your offices been located there?

A Approximately thirteen months.

Q How many--and I don't know whether you divide by partners or associates as a law firm might--but let me just say how many employees--and by "employees" I mean people working in your offices--are there at the present time?

A Approximately twenty-eight.

Q And let's take January 1 of 1985. Approximately how many people were working in your offices at that time?

A Recollection of about seventeen.

Q Could you just describe generally the business of Miner and Fraser?

A In the business of government relations and communications.

Q And how long has Miner and Fraser been in existence?

A As a corporation, since January 2nd, 1983.

Q Did it operate as a partnership or sole ---

A It's a corporation.

Q Did it operate prior to being incorporated as Miner and Fraser, or ---

A It was established as a new corporation on January 2nd.

Q If you incorporated on that date, prior to incorporation had you been operating as a partnership or did you just come into existence as a business entity at that point?

A Correct.

Q And what were you doing prior to that?

A Had another public affairs firm.

Q And what was that called?

A Fraser Associates, Incorporated.

Q How long have you been engaged in public affairs?

A Since coming to Washington in 1965, or twenty-two years. The fact is ---

MR. LEONARD: The question is how long have you been engaged in public affairs. The answer is since 1965.

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THE WITNESS: Twenty-two years.

BY MR. McGOUGH:

Q Have you ever been an employee of the federal government?

A Yes.

Q And when was that?

A In the early days from 1965 through 1968.

Q And what was your employment?

A At the United States Peace Corps. Then I was engaged again in 1969 for a year at the old Health and Human Services--Health, Education and Welfare.

Q That was just for a year?

A Yes.

Q And in 1969, upon concluding with Health, Education and Welfare, as it was known then ---

A '79.

Q I'm sorry, in '79.

A Yes.

Q '65 to '68 you were with the Peace Corps.

A Correct.

Q And that was in a public affairs capacity?

A Yes, both public affairs and as a desk officer.

Q In 1969 you entered the private sector here in Washington?

A Yes, I did.

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Q And you were in the private sector until 1979, when you went with HEW.

A I went into--I'm sorry, it was 1969--now you have me confused, sorry about that. 1969 is when I spent a year at Health, Education and Welfare, going to the private sector full time in 1970.

Q And at that time were you with your own firm or were you with ---

A I was with another public affairs firm internationally.

Q And what was the name of that public affairs firm?

A I went with the firm of Carl Byoir and Associates. I established my own firm in 1975 of Fraser Associates, Incorporated.

Q And did Fraser Associates, Incorporated, do business until it became Miner and Fraser in 1982?

A Yes, as a separate corporation.

Q Ms. Fraser, we are going to concentrate overall on contacts you had with Oliver North, but I want to get a little bit of background about the Nicaragua Refugee Fund and the dinner that occurred in the spring of 1985 for that Fund. How long has the--and let's call it the NRF--been a client of either yours or Miner and Fraser's?

A It was never a client of mine; it was a client of Miner and Fraser Public Affairs from I believe December of

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'84 through the termination of this dinner, exclusively.

Q And how did that client come to Miner and Fraser?

A Through a Dr. Alvaro Rizo.

Q And who is Dr. Rizo.

A Dr. Rizo is a former Nicaraguan.

Q Does he live in Nicaragua or is he resident in the United States?

A No, resident in the United States.

Q In the Washington area?

A Yes.

Q Does he have any formal capacity with any Nicaraguan exile group, or any Nicaraguan political organization?

A I don't know.

Q Is he affiliated with the NRF, or was it just a referral from Dr. Rizo that brought NRF to Miner and Fraser?

A He's the executive director of NRF.

Q What did the NRF employ Miner and Fraser to do for them?

A To put together an honorary and advisory team and to put together a prestigious fundraising dinner to raise money for refugees and to bring visibility to the importance of the refugees.

Q Now, when you speak to the refugees, can you be a little bit more specific. What exactly was the problem you were addressing, or the NRF was addressing?

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A That attachment that I provided in the letter of December 27 specifically talks about the refugees in Costa Rica, Honduras, in refugee camps, refer specifically to women and children and the needs in terms of health care and shoes and medicine.

Q Do you know why Dr. Rizo came to Miner and Fraser?

A I had known Dr. Rizo off and on for years.

Q Was he referred to you by Miner and Fraser or by someone else?

A No, he had at one point been a consultant to us before in my former firm. But our firm takes on many such events, special events, so it was quite natural that our firm would take on this event. We do for many philanthropic organizations.

Q Was this to be a one-event relationship or was this to be an ongoing public affairs relationship between Miner and Fraser and the NRF?

A Initially the hope was to do an ongoing relationship. It turned out that I think we wanted and the Nicaragua Refugee Fund wanted to have a one-event.

Q What had Dr. Rizo been a consultant about with--you said he had worked as a consultant at one point for ---

MR. LEONARD: This goes back to a time prior to 1975. I can't see any possible relevancy in that. It's prying--prying into her business and his business, and it has

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nothing to do with the investigation and charter of this committee.

MR. McGOUGH: I beg to differ with you. I think how the NRF came to Miner and Fraser is relevant.

MR. LEONARD: Well, that's not the question you asked. The question you asked is what was the relationship prior to 1975. That was the former employer--his relationship with the former employer, which is 1975. Answer the question. Let's go through the whole thing, let's get it all on the record.

When did you first meet Dr. Rizo?

THE WITNESS: I believe it was in 1981, approximately.

BY MR. McGOUGH:

Q And under what circumstances?

A He had served as a public affairs consultant to several firms, including Bob Gray's and including Carl Byoir Associates, as an international consultant.

Q Did he become a consultant to you or a group with which you were affiliated at that point?

A Yes.

Q And that would not have been Miner and Fraser at that point; that would have been Fraser Associates.

A Fraser Associates, Incorporated.

Q Did Dr. Rizo have an area of specialty or expertise

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that he brought to Fraser Associates?

A I believe, in terms of international exchange, in terms of events, and counsel--in terms of international counsel--that was his expertise.

Q And how long was he a consultant for ---

A I believe one year. I'd have to go back, but I believe approximately one year.

Q All right.

A It may have been shorter than that, as a matter of fact; it may have been seven months.

Q Did you understand the Nicaragua Refugee Fund to have any connections or relationship with any of the political or paramilitary groups that were opposing the Sandinistas in Nicaragua?

A No.

Q I believe that you said NRF came to Miner and Fraser in December of 1984. It was shortly thereafter, I imagine, that you began planning what was to become the NRF dinner in the spring of '85, and at some point, I believe you told Mr. Embrey, in December of 1984, you met Colonel Oliver North, is that correct?

A That's correct.

Q Can you describe the circumstances under which you met him?

A I'd be delighted to. Had a meeting over at the

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State Department, talking about the refugees and getting some background on where the refugee camps were with children, and it was suggested by the person we were meeting there, by the name of Richard Hollowell, that we go over and I'd be interested to Oliver North about the importance of the refugee situation. I then had a meeting set up, and ---

Q Let's back up for one moment, if we could. What did Mr. Hollowell tell you about Colonel North?

A Not much; I mean, just said I think you ought to take it, Mr. North will be interested.

Q Did he attempt to explain why Mr. North would be interested if he was involved in the issue at all?

A No, he did not.

Q So you set up a meeting with Colonel North?

A Yes.

Q Do you recall when that meeting took place?

A In early December--my meeting was December 11th.

Q Who was present at that meeting, if you recall?

A My recollection is it was just Oliver North and myself.

Q Where did it take place?

A In his office.

Q In the Old Executive Office Building?

A That's correct. My only meeting.

Q Your only meeting with Colonel North?

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A That's correct.

Q What did you discuss?

A The importance of the refugees, and the potential interest in having support within the White House and potential participation if there were a philanthropic type event.

Q Did you discuss the Nicaragua Refugee Fund itself with Colonel North?

A Only from the basis of what it was set up to do, to aid in terms of the refugees, which is precisely that one-page backgrounder, correct.

Q All right, did Colonel North discuss with you his own role in or familiarity with the Nicaraguan issue?

A No.

Q Did you understand him to have any familiarity with the Nicaraguan issue?

A Yes, I thought ---

MR. LEONARD: Excuse me, just a minute. Counsel, "Did you understand him to have any familiarity with the Nicaraguan issue?" How is Ms. Fraser supposed to answer that, from her knowledge of reading newspapers, from her knowledge of government, that somebody who is at the National Security Council ought to have some knowledge about Nicaragua? Let's ask her about what she knew and what she said and what he said to her. Let's get the facts and not get into the

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realm where she is trying to call upon knowledge that really may not relate specifically to the conversation.

My objection to the question specifically is I think the term "understand"--"What did you understand him to know"--is just too nebulous and innocuous for me?

MR. McGOUGH: Let me ask it in a slightly different fashion.

BY MR. McGOUGH:

Q Did Colonel North tell you anything about Nicaragua or the Nicaraguan issue?

A No, not at that meeting, no.

Q Why did you think you were talking to Colonel North?

A I was told by the State Department that he would have an interest in the Nicaragua refugee situation.

Q Just an interest. Did anyone at the State Department indicate that he could help, that he was the person in the White House who was responsible for that issue?

A That he had the interest in the issue.

Q What if anything did you ask Colonel North to do?

A I merely shared with him the background of what we thought was important on the Nicaragua refugees and the refugees in general.

MR. LEONARD: Ms. Fraser, the question is: What did you ask Colonel North to do?

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BY MR. McGOUGH:

Q Did you ask him to help you, to put it as bluntly as I can?

A Colonel North showed interest in terms of the refugees and the Nicaragua refugees that had fled Nicaragua, and suggested that it might be a very good idea to have participation, and that would be receptive to a former request from our chair or co-chairs of our dinner to participate.

Q When you talk about "participation," what do you mean? Whose participation?

A The participation of the President, as a group, would go through not Colonel North for that participation, but through White House scheduling.

Q Did you ask him to do anything to assist you in putting together this dinner?

A No, except to lend his support to the scheduling office.

Q Did he agree to do that?

A Yes.

Q Did you continue to remain in contact with Colonel North after that time regarding plans for the Nicaraguan dinner?

A The exception is exactly what you have in your possession, an update, that in terms of who, of the likes of

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the honorary and advisory committee on the dinner--that was the exception of the two, the two memorandums that you've got of December 27th and March 4th. I never personally talked to him again.

Q You never spoke to him on the phone again?

A Not to my recollection at all.

Q And you only had that one meeting with him?

A Yes, that is correct.

Q Let's take a look at the letter of December 27. Do you have that?

A Yes, I do.

Q Let's pretty much take it sentence by sentence. The first sentence reads "I look forward to getting with you on January 3 or 4 regarding the Nicaragua Refugee Fund and the proposed plan."

What was the proposal to get together on January 3 or 4?

A The proposal was a recommendation for a dinner, a humanitarian effort for a dinner, attached.

Q What was getting together with Colonel North on January 3 or 4? Certainly that wasn't the dinner itself.

A It was to discuss the importance of the refugees and potentially a dinner?

Q Were you trying to set up another meeting with him?

A No. I was trying to get his assistance in the

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support--of the specific support for the refugee fundraising dinner for philanthropic cause.

Q I guess what's confusing me is the first sentence: "I look forward to getting with you on January 3 or 4...." Now, at that time, at the time you wrote that letter, did you have a meeting scheduled with Colonel North on January 3 or 4?

A I don't believe I did.

Q Had you discussed meeting with him at all at that point?

A There was one more meeting at the White House. It did not involve Colonel North. There was one more meeting at the White House, January 3rd and 4th. It involved a guy by the name of Walter Raymond who was given the public affairs role of this kind of event.

Q Was Colonel North invited to that meeting?

A I don't know.

Q Do you know what the reference to "getting with you on January 3 or 4" means?

A My understanding was that there would be a meeting set up to discuss the public affairs or for the event.

Q And Colonel North was to come to that meeting?

A That was up to the White House, and I gather they asked Walter Raymond to have that meeting.

MR. LEONARD: The point is, when you say "you," you are not talking about you-North personally; you are talking

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about you-somebody at the White House.

THE WITNESS: That's correct.

BY MR. McGOUGH:

Q But we can agree the letter is addressed to Oliver North.

MR. LEONARD: Sure it is.

THE WITNESS: That's correct.

BY MR. McGOUGH:

Q Skipping down a little bit, there is, maybe three sentences into that, a statement "Perhaps it would be best to wait until after our meeting with you" and again, is it your recollection that that's a reference to the White House, as opposed to a reference to Colonel North specifically?

A Yes. My understanding is that a White House representative, yes.

Q The first paragraph--the first sentence of the second paragraph read "Attached is the background on the Sultan of Brunei" which I mentioned to you.

A Yes.

Q Now, when did you mention the Sultan of Brunei to Colonel North?

A At the prior meeting.

Q On December 11?

A Yes.

Q And what did you mention about the Sultan of Brunei?

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A That I had been told that the Sultan of Brunei had a tremendous philanthropic interest, that he had helped the boat people, and that he had had a major contribution going to UNICEF in the First Lady's name.

Q Uh-huh.

A That was my only understanding.

Q And why did you mention the Sultan of Brunei to Colonel North?

A Because it had been suggested to me that he might be interested in helping the refugee children as he did with UNICEF.

Q Did you approach the Sultan of Brunei?

A No, I did not.

Q Why not?

MR. LEONARD: Why not? There is no foundation for that question. She just said she never approached him.

BY MR. McGOUGH:

Q It seems to me to be enough foundation. You had a lead that the Sultan of Brunei might be interested in helping the refugee children.

A Yes, I did.

Q But you did not approach him?

A No, I did not.

MR. LEONARD: The question is did she have somebody else approach him. Did she talk to anybody else about

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approaching him. Not why she didn't.

MR. McGOUGH: The objection is noted.

MR. LEONARD: There is no clear answer to a why question. Now, she's going to answer the facts.

BY MR. McGOUGH:

Q To your knowledge, who was to approach the Sultan of Brunei? Let me put it that way.

A No one specifically. It was recommended to me by a third party. There was a tremendous philanthropic interest from someone that had been involved with his contributions to the boat people and to UNICEF. All I took that was an idea and put that as a potential that we might have for the fundraising dinners.

Q Did you do anything with the idea?

A No, I did not.

Q Did you talk to anybody about it in the future?

A No, I did not.

Q Other than you did mention it to North, correct? Why did you mention it to North?

A Because there was a potential of maybe having a major contribution to help refugees as he had done in the other two instances.

Q I understand, but to your knowledge, nobody followed up on that potential? Do you know if anyone followed up with the Sultan of Brunei?

A Yes, I do know that, basically, at the Refugee Fund dinner, they made a very small contribution through the Ambassador here, all right, for the refugees.

Q Did you have anything to do with it?

A I believe the Committee followed up with, basically, an invitation for him.

Q So you believe that, but do you know how they got the contribution from Brunei?

A Yes. Our staff contacted the--through this contact, there's a woman by the name of Elaine Trebeck, who lives in California, who had worked with Brunei and was friendly. It was her suggestion in the first place. We went back to her. She said they would be very receptive to a small contribution for the refugees, which basically, was in the tune of $2,500 for the dinner to take a table, and that came through Elaine Trebeck.

Q And Elaine Trebeck is not in the White House?

A Elaine Trebeck has a firm in California. She apparently had done some consultancy work with Brunei and was involved with their philanthropic endeavors.

MR. LEONARD: Let me interrupt for just a minute. Ms. Fraser, I didn't mean to imply by my questions that we're angry at Mr. McGough. I'm just trying to get to what you knew and how the contributions came about.

THE WITNESS: Sure.

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BY MR. McGOUGH:

Q Which brings me back to my original question.

A Sure.

Q Why did you bring the Sultan up with Colonel North?

A Only from the purpose that there may be a major contribution that would be possible in terms of the same kind of philanthropic--and again, I'm talking about refugees.

Q I understand that, but, I guess my question again, is why broach that with Colonel North?

A Because at the point he said that, basically, he was the person handling the refugees from Nicaragua in terms of the potential.

Q Did you want Colonel North to do anything with that information?

MR. LEONARD: Did you expect North to contact somebody from Brunei?

THE WITNESS: No.

BY MR. McGOUGH:

Q That's not my question. My question is did you want North to do anything with that information?

A No.

Q Take at look at what's the attachment or the letter of December 28th. The record will speak for itself. I'm a bit confused about what was attached to what. I think the record is clear. I just don't recall. All right, you say in

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the first sentence, "In addition to the memorandum updating you on several items regarding the Nicaraguan Refugee Fund, I felt it important to give you the background of the Sultan." And you go on to give him all that information.

A Uh-huh.

Q And you give him lots of some biographical stuff. And you talk about a contribution to the Nancy Reagan drug program.

A Yes. And I discussed the potential of a major contribution for refugees.

Q I guess what I'm having difficulty with is why you felt it was "important" to brief Colonel North on the background of the Sultan of Brunei.

A I think it was requested they'd like to know a little bit more in terms of the background so I did two things. One, I called Elaine Trebeck. Two, I called--the staff member called the desk up at the State Department who gave us this background.

Q I understand how you got the background.

A Sure.

Q My question is why did you feel it important to give this background to Colonel North?

A I think it says that they might give a contribution to help refugees.

Q But what role was Colonel North to play in obtaining

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that contribution?

A I think Colonel North was only interested in terms of how much might be done for the refugees for the dinner was my understanding.

Q How much might be done by whom?

A Might be contributed to assist the refugees.

Q I'm not trying to be elliptical here. My question is did you want Colonel North to help you solicit a contribution from the Sultan of Brunei?

A No.

Q Did you want the White House to help you to solicit a contribution from the Sultan of Brunei?

A No. I would never.

Q Never say never.

MR. LEONARD: Number one is after you've finished answering the question, stop. And number two is never say never.

BY MR. McGOUGH:

Q If we could just take a moment--I don't want to tarry too long on this but I do want to read the letter again in light of what Ms. Fraser has been saying and it just will take a moment.

(Pause.)

BY MR. McGOUGH:

Q Well, let's go back on the record and let's see if

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you can help me make heads or tails of some of this stuff. In the background section, the indented paragraph, there is-- I'm fine through the second sentence.

A Uh-huh.

Q And I actually do pretty well through the third sentence and then I come to the sentence that says "Naturally, it has been recommended that he might kick in a million dollars of that for the refugees for Central America."

A Uh-huh.

Q I guess my first question is a million dollars of what?

A A million dollars to assist refugees as he did for UNICEF.

Q Okay, but it says "he might kick in a million dollars of that for the refugees for Central America." And "that" is the reference that mystifies me right at this moment.

A A million dollars for the refugees. I don't think the "of that" refers to anything.

Q Just kind of extraneous?

A Let me just say again. I was impressed that they had given the money in the First Lady's name to UNICEF. I think that our thinking, in the recommendation was from this person in California, that he might give it to the refugees again, all right, for the same type of purpose that he had

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given the other philanthropic efforts.

Q All right. Let's go on to the next sentence.

A Uh-huh.

Q First of all, let me ask--"recommended" is the word in there--"Naturally, it has been recommended." Do you remember recommended by whom, in particular?

A The recommended was Elaine Trebeck from California, the only person I ever knew.

Q All right. The next sentence says "This is important as it must be a clear opportunity for this country to endorse that initiative and thank the Sultan." My first question is, which country is this country?

A "This country" would be the representatives of the United States that care about refugees and to "thank the Sultan" for a contribution of helping the refugees.

Q So "this country" is representatives of the United States?

A Yes.

Q All right. So it is "it must be a clear opportunity for representatives of the United States to endorse that initiative." "That initiative" is what initiative?

A The refugee contribution, refugees.

Q And "thank the Sultan." Who is to thank the Sultan?

A I assume that, from my understanding and I don't know, that Nancy Reagan thanked the Sultan for the contribution he made to UNICEF, as they would have figured out. I think the same thing, the Nicaragua Refugee Fund would get a contribution to help the refugees and that there would be a thanks from the White House for his assistance on the refugees. Same process.

Q Now, I think it's beginning to clear up a little bit. What you're saying is that this dinner presents an important opportunity for our government to endorse the Nicaraguan Refugee Fund and to thank the Sultan. Am I close to what that means?

A And to thank the Sultan for a contribution to the Refugee Fund, yes.

Q All right. Thank the Sultan for the contribution to the Refugee Fund or to UNICEF?

A No, I think they had already thanked for UNICEF.

Q Okay. And again, you weren't asking for any assistance in soliciting the Sultan?

A No, I wasn't.

Q What happened at the meeting on January 3rd or 4th at the White House? Who was present, first of all, answer that.

A I thought I answered. The meeting that you're referring to is I had alone with Oliver North, sent over by the State Department's suggestion, right?

Q I'm talking about the January 3rd or 4th meeting, which is the one Oliver North you said did not attend, but was just with a representative of the White House.

A My understanding--I think it was Walter Raymond, somebody else on the National Security Council, and I don't know if somebody from Public Liaison was there. It was just to suggest the potential in terms of this dinner, as they would, staffing out any other event that they would consider.

Q And who else was there other than the White House representatives?

A I think Dr. Rizo was there, at that point, as there had been two chairman of the dinner, right, the Friends of Americas and the Sugar Rautbord, both who had worked on refugees. But they were not in attendance at the meeting. To my recollection, I was only there for about ten minutes. I mean, I think it was more of an internal meeting in terms of the refugees. Not to volunteer information, but the co-chairman then had sent official requests into Presidential Scheduling as they should.

Q Let's go, if we could, to the letter of March 4, 1985. I think it's Exhibit 3.

A Uh-huh.

Q Let's have the exhibit.

MR. LEONARD: Where is the exhibit itself?

THE WITNESS: The exhibit is the list of the--

MR. LEONARD: No; no. I'm talking about the--

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MR. McGOUGH: I have a number of copies floating around here. This is two. I'm uncertain where the actual marked.

MR. LEONARD: Let's find the marked exhibits.

MR. McGOUGH: Let's look at Exhibit 3.

THE WITNESS: And here's the attachment. Here are all the exhibits.

BY MR. McGOUGH:

Q This is a letter of March 4 from you to Oliver North?

A Correct.

Q "Dear Ollie: We were asked to get this over", this being the attachments that you've identified.

A Correct.

Q Do you recall who asked you to get this over?

A No, I don't know the question. I understand the question. Let me just go back. No, I don't remember. I think somebody on the staff had called. All I know is that I was asked to get over the list of the honorary and advisory committee. I don't know who.

Q All right. As best you can recollect, it was not Ollie himself?

A No.

Q There's then the handwritten note at the bottom.

A Correct.

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Q Let's talk about that for a minute. It says "Ollie, very IMP" which I assumes stands for important. Is that correct?

A Yes, correct.

Q "Very IMP. Two people want to give major contribs." meaning contributions, I guess?

A Correct.

Q "i.e., $300,000 and up if they might have one 'quiet' minute with the President." And then there's a handwritten note at the bottom.

A Excuse me, can I correct you on that?

Q Sure.

A The handwritten note on the bottom was what I wrote in June, 1987.

Q You're jumping a little bit ahead.

MR. LEONARD: You're jumping and volunteering. Please wait for the question.

THE WITNESS: Sure, okay.

BY MR. McGOUGH:

Q Okay. That's why I didn't read it because I had understood that that's a separate note written at a different time. The REF and then the squiggle--

A Sure.

Q So setting aside the last line of handwriting.

A That's correct.

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Q Am I correct, that was written at another time?

A That's correct.

Q Let's focus, if we can, on everything above that.

A Correct.

Q All right. Now, there are a number of questions that spring from this. What was, first of all, what was the source of this note? Why did you--what caused you to put this note on the letter?

A The source of the note was Spitz Channell.

Q And what did Spitz Channell tell you that caused you to put this note on there?

A My best recollection, and my interpretation, of that discussion, which we discussed with Mr. Embrey, was that the inference that Mr. Channell had some major contributors that would be willing to give substantial money, all right? That is my "i.e." in terms of the suggestion, in terms of the potential amount of money and I've been over it and over it in terms of the best of my recollection, that is precisely it--my interpretation of what Mr. Channel said.

Q Your interpretation of what Mr. Channel said is of great importance to us. What I'd be interested in right now, though, is what you remember him saying to you.

A My best recollection is that he felt that he had major contributors that would give substantial money for meetings with the President.

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Q Now, you say substantial money. Did he mention a figure to you?

A My interpretation of that, of his major contributors, were in the tune of several hundred thousand dollars.

Q In other words, the $300,000 was a figure, as best you can recollect now, that was a figure that you came up with as opposed to something Mr. Channel told you specifically?

A I believe it is.

Q Now, you've given me, I think you suggested one possible basis for that $300,000. That is an understanding of what Mr. Channel's contributors--what ball park they were in, is that right?

A That is correct.

Q Did you have any understanding as to how much of a contribution might generate, from the White House's standpoint, a quiet minute with the President?

A I never understood what the White House might generate. I understood--my inference is what Mr. Channel said he could raise, all right? Only inference.

Q I understand that. You said that Mr. Channel didn't mention a figure to you, that $300,000 was your figure.

A My best interpretation is that he had major contributors, all right?

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Q Now, wait, wait. I don't want to get off on your interpretation at this point. This is obviously a very important point. What I want is your recollection of what he told you.

A My recollection--

Q Your recollection.

A Is precisely that he had major contributors, okay, that would give substantial money for a meeting with the President.

Q Do you recall him saying $300,000 or something in the neighborhood of $300,000?

A No, I don't.

Q So it's your recollection that that $300,000 was your own--

A Inference.

Q Inference and addition, if you will, to this letter.

A Yes. Major contributions.

Q And the "i.e., $300,000" was your insertion, what you felt the major contribution in this context would be, is that fair to say?

A That is correct.

MR. LEONARD: You notice how optimistic she is. She says "and up."

THE WITNESS: Mr. Channell, as you know, is a very optimistic guy in terms of his enthusiasm for--

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BY MR. McGOUGH:

Q Now, this was to be a $300,000 and up contribution to what?

A Nicaragua Refugee Fund.

Q To the Refugee Fund then?

A To the refugees, yes. The only thing I was working on is refugees.

Q In settling, and again, I'm just asking for the best of your recollection, in settling on the number $300,000, did you take into account what you felt it would take to get, what size of contribution it would take to get a quiet moment with the President?

A No, I did not do that. I had the suspicion that Mr. Channell thought that he had major contributions.

Q No, I'm not asking for Mr. Channell's standpoint. I'm asking from the White House's standpoint. But my question really is, did you have any reason to believe--

A I never talked to the White House about setting up meetings with the President for X amount of money ever.

Q I understand that. But did you have any basis for believing that contributions of $300,000, or thereabouts, would enable one to have a private meeting with the President?

A No.

Q Why did you make this proposal to Colonel North?

MR. LEONARD: Counsel, I really don't want to interfere but when you ask that question why, after she's gone through the facts; she told you about her conversation with Channell; she told you that it was her interpretation, her impression; she wrote the note, nobody else wrote the note; she didn't know how much it would take, whether it would take $10,000 as an eagle or $10 million. I don't understand the why question. I can only believe that that question is asked for the purpose of laying a foundation for something that I don't like to think about.

BY MR. McGOUGH:

Q No, it's not asked for the purpose of laying any foundation. It is, in fact, the ultimate question in a lot of ways and that is, the question is, this was a proposal that you relayed to Colonel North--

A From Spitz Channell.

Q Via Spitz Channell gave it to you, you relayed it to Colonel North.

A Yes.

Q All right. Why did you relay the proposal to Colonel North?

MR. LEONARD: The question is why she relayed this information that's handwritten at the bottom of the March 4th letter to Colonel North?

MR. McGOUGH: That will do for starters.

MR. LEONARD: Okay, that's fine.

THE WITNESS: He was the contact point at the White House. That had been referred to me by the State Department, as I understand it.

Q And you had no contact--

A Since, subsequently in those two--

Q --whatsoever with him since December 11th of 1984 and that was one meeting in his office?

A I, personally, no.

Q At the time you wrote this note, were you aware of any other instances where a contribution was made to any cause or group on the condition that there might be a private meeting with the President?

A I think, as Mr. Leonard said, it's like the eagle's contribution or I think there have been lots of things during all Administrations, when somebody, particularly in a philanthropic way, makes a contribution of something that is really important to the Administration. There are thank you's, yes.

Q I understand that there are thank-you's when a large sum--on occasion, when a large contribution is made. My question is, have you ever known of a contribution--

A I, personally, no.

Q No, no. Let's just back up. How do you know you don't know personally unless I ask you the question first, all right? My question is were you aware, at the time you wrote this note, of any instances where a contribution was made contingent upon a meeting with the President?

A No.

Q So this would have been the first--

A I just want to remind you of this.

Q I don't want to misinterpret this, I don't want to misinterpret this. But my question is you're proposing here that two people may make, or will make, want to make, major contributions, if they could have a private minute with the President?

A May I suggest that this my reference to Spitz Channell.

Q I understand that, I understand that.

A Okay.

Q So, had you ever made a proposal like that before?

A No.

Q Had you ever heard of such a proposal being made?

A No.

Q Who, if you recall, were the two people who wanted to make a contribution?

A I have no idea.

Q Were there two?

A That was my understanding of Spitz Channell. I don't know.

Q Again, it was your understanding was two or your understanding was some, and you put in two?

A My understanding was that there were two. That's what I wrote. I don't know. I have no idea who they would be.

Q Has anyone ever approached you before and asked you to make such a proposal to the White House?

A No.

Q Has anyone ever approached you since and asked you to make such a proposal to the White House?

A No.

Q So this was the first and only time in your public affairs career that you had ever made a proposal that a major contribution, or a contribution of any kind, would be made in exchange for a meeting with the President?

A I, personally, yes.

Q Do you know of any other such proposals being made?

A Do I personally? No.

Q Do you personally know of any other such proposals being made?

A No.

Q Did you, at the time, consider it appropriate to make that proposal?

MR. LEONARD: I'm going to object to that, Counsel. That's totally irrelevant to this inquiry. This witness isn't a consultant being paid by this Committee. She's not--

her opinions are certainly not relevant to the inquiry and I object to that question.

MR. McGOUGH: Your objection is noted. The question stands.

MR. LEONARD: No, I'm not going to let her answer it.

BY MR. McGOUGH:

Q Did you, when Mr. Channell made this proposal--did you discuss with him the propriety of making that kind of proposal?

A No. Let me say I'm not sure Mr. Channell made this as a proposal. I mean, I think in the enthusiasm of trying to raise money for the Refugee Fund, I think the understanding was that he had major contributors. I've said just the facts. All right, I think in light of everything that's happened, it looks so much more, but the facts stand as the facts, right, and I don't know anything more.

Q I guess my question is did Mr. Channell--was it Mr. Channell's proposal or did you take an inference made by Mr. Channell and turn it into a proposal? I don't want to mislead you.

A I think it was Mr. Channell's suggestion of what he could do, all right?

Q What we have here in your handwritten note reads, certainly to me at least, very much like a proposal. "If two people can have quiet moments with the President, they will contribute $300,000 and up."

A Yes.

Q All right. Now, what I'm trying to find out is whether that proposal was made to you by Mr. Channell or whether you extrapolated or embellished upon something Mr. Channell told you and made the proposal on your own?

MR. LEONARD: No, Counsel, that also calls for a conclusion and I think the testimony is clear as to what her best recollection is of what Mr. Channell says. It is certainly clear what this note says. Now, whether or not that constitutes an embellishment is a conclusion. She has said that the note does not describe exactly what Mr. Channell told her. I don't know why you're trying to wring this out. The fact is the note is not in direct--exact conformity with the conversation she had with Mr. Channell. She said it is my impression, it is my interpretation of the conversation.

THE WITNESS: I understand the importance to you, but I just back that up. That is just the facts as I know them, all right?

BY MR. McGOUGH:

Q I guess your counsel has just said this note does not reflect what Mr. Channell told you. Does it or does it not reflect what Mr. Channell told you?

MR. LEONARD: No, Counsel. She has already said that it doesn't. She has said it is her interpretation of what he said. Her testimony, which is on this record as to what he said was, that I have a couple of people who would give major contributions if they had some time with the President.

THE WITNESS: That's exactly what he said.

MR. LEONARD: That is her best recollection. Now, she wrote this note sometime after she had that conversation with Channell. Now, if you want to go into all the details about how busy she was the day she wrote it and how the fact is she scribbled it at the bottom of a letter that was going off, and she was in a hurry to get it there, and whether or not it was an exact interpretation. Those are all conclusions. What you want are the facts and she's given you the facts and I object to the fact that you're trying to get her to interpret her own actions. This lady is a witness. She's not a target. She isn't a principal. She's not a primary subject and we're trying to be cooperative, but I'm not going to have you sit here and try to nit-pick her brains as to what might have been meant by this. She's testified truthfully, honestly and has been forthcoming. Now let's get on to some more facts.

MR. McGOUGH: I'm perfectly prepared, Mr. Leonard, to swear you at any time if you'd like to testify. I don't think that's what you want to do to the extent that you are proffering facts which aren't in the record. I think that's inappropriate, unless you would prefer to take the oath.

MR. LEONARD: Let's adjourn this right now and let's get a record and determine whether I have said anything here that's not in the record. Let's adjourn this deposition right now.

MR. McGOUGH: If you want to.

MR. LEONARD: When would you like to re-schedule it?

MR. McGOUGH: I will re-schedule it in five minutes, Mr. Leonard, if you care to wait.

MR. LEONARD: Reporter, when can you get us a transcript? I've just been accused by this lawyer of not telling the truth and I want to vindicated by the record. When can we have a transcript?

THE REPORTER: Well, I'm required just to give a transcript to the Senate and House counsel.

MR. LEONARD: Well, then, we're going to have to go to court and fight over it because I'm not going to put up with this. I'm not going to sit here and let you interrogate this witness and get her to interpret, not being a lawyer, as to whether or not what she did was proper or improper. So let's get a judge. I want to stop now and I want a transcript.

MR. McGOUGH: Mr. Leonard, we've gone back and forth for a good five minutes now without--

MR. LEONARD: Counsel, we're going to stop now.

MR. McGOUGH: Without, I don't think, an outstanding question on the record. Now, if you would care to make further statements, we can do that. If you would like to proceed with the deposition, we can do that. If you care to adjourn the deposition, I'd suggest we adjourn it for five minutes while everybody cools down. If you're talking about walking out of here, I don't consider the deposition adjourned, and I won't instruct the court reporter to transcribe the deposition until we do adjourn it. Now, I think we ought to just proceed. Now, would you like to put something on the record?

MR. LEONARD: Can I talk now? Let's take a five-minute adjournment.

[Recess]

BY MR. McGOUGH:

Q All right, Ms. Fraser, let's try to get the record clear on a point we were kicking around before the break.

MR. LEONARD: Counsel, could I interrupt for just a minute and say that I wouldn't want anything in this record to be interpreted as being in any way not fully cognizant of what your responsibilities are and the professional way in which you and all of your colleagues have carried them out. I think we had a little problem with semantics here and I

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think we've now get it cleared up.

MR. McGOUGH: I think we did.

BY MR. McGOUGH:

Q What I would like to explore with you, Ms. Fraser, is whether or not Mr. Channell presented the proposal to you that contributions--significant contributions--could be obtained in exchange for meetings with President Reagan, either expressly or implicitly did he present that possibility to you or that proposal to you?

A Well, let me make clear that your word "proposal," in the sense of a verbal statement, not a formal proposal, all right?

Q Okay.

A Second, it is my understanding, as we just said, is Mr. Channell and his associate, Mr. Conrad who, as you know, work together, made the statement that they had major contributors who would give significant money, contingent on a meeting with the President and they would suggest that and that was basically it.

Q And you then relayed that to Colonel North?

A Exactly. My relation is their statement.

Q All right. Let's go to the note we excluded from our consideration before.

A Sure.

Q And that is the REF with the scratch through it.

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A Right.

Q Could you tell me what that note said and how it was put on there?

A Sure. This month, right, when Embrey called me to ask us to come down, I wrote a reference Spitz Channell for Jerris Leonard and that was the only--so I wrote it within the past--I'm not even sure that's a record, but if you want, it was my internal reference for him when Embrey called and asked us what it was reference to.

Q All right, let me see if I can--it would read, if not crossed out, reference to Spitz.

A That's exactly right.

Q Now when, as best you can recollect, did you put that note on the page?

A Four weeks ago. I did it for Mr. Leonard.

Q You did it for Mr. Leonard?

A When he asked for the background papers.

Q And when did you cross out or write through the part of the statement that says "to Spitz."

A I think when we were--right down before we came down to the meeting with Mr. Embrey, because I had done that internally. The original copy, of course, didn't have that on it, that went to the White House. We were trying to give Mr. Embrey exactly what went to the White House.

Q I guess my question is when did you--you..say--I'm

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still not clear on when you crossed out--

A Right before we came down to see Mr. Embrey. Okay? This all happened in the last month, all right?

Q Why did you cross out "to Spitz."

A Because it wasn't what went to the White House. Okay? What you asked for is what went to the White House.

Q All right. Let's talk about your contact with Spitz Channell a bit.

A All right.

Q Excuse me. I have to follow up on something here. What, if any, acknowledgement or response did you receive from Colonel North regarding this note?

A None.

Q Did you ever--you said you've never spoken to him since that time, since the December 11th meeting?

A Thank goodness, I haven't.

Q All right. And he did not ever contact you in writing or by telephone or in person to follow up at all on that proposal?

A No.

Q Did you ever hear from anyone again about that proposal?

A No.

Q Particularly anyone at the White House about that proposal?

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A No.

Q Did you ever renew the proposal with anyone at the White House?

A No.

Q Did you ever speak to Mr. Channell again about this proposal?

A No.

Q Did he ever ask you whether anything had come of it?

A No.

Q Was Mr. Channell aware that you were going to relay this proposal to the White House? Did he ask you to relay it to the White House?

A Not formally, in terms of asking me to relay it. I think he was making a statement, so the answer is no.

Q All right. Do you know--did you ever indicate to him that it had, in fact, been relayed to the White House?

A No.

Q To your knowledge, was he aware that you had passed this along to Oliver North?

A No.

Q When did you first meet Mr. Channell?

A After we had been hired to put together this refugee event, we had asked various groups in town, who had philanthropic interests or conservative interests, to really come together and he expressed considerable enthusiasm of

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helping on the event. That's the first time I ever met him.

Q Do you recall how you were first put in touch with him?

A Yes. I think one of our staff members--

Q Was it through a mutual--

A No, one of our staff members called around to 20 groups in town who might be interested in assisting in terms of helping on the refugees from Nicaragua.

Q Did Mr. Channell become involved in the organization and preparation for the NRF dinner?

A Yes. I mean, did he get involved--

Q Did he get involved with you?

A Yes.

Q Did Mr. Channell become involved through a particular organization of his or was there a particular organization that got involved? Let me see if I can make it a little more clear.

A No, I'm subsequently very aware of all of his organizations. I did not know he had all those organizations at the time and was it one of his organizations that he was associated with is a relevant question and I don't remember which one. I thought it was the Conservative Trust, for some reason. I mean, I haven't heard that lately in all the things I read, but I think that was it. He was head of the Conservative Trust. Okay.

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Q Did you work with anyone else in Mr. Channell's organizations or did you meet with anyone else in Mr. Channel's organizations.

A The only person that assisted Mr. Channell was this Mr. Dan Conrad.

Q He was Executive Director of the National Endowment for the Preservation of Liberty and some of the others?

A That is not my--I mean, my knowledge was not of that organization at that time. It was the Conservative Trust and that he was an associate of Mr. Channell. It was merely that.

Q What did you understand, at that time, about Mr. Channell's organizations?

A I didn't know much about him. I mean, in other words, a staff member calling around town to find out which organizations, such as Project HOPE and as such, as the Red Cross that might help, Bob Hope and those others, contacted a lot of organizations and he expressed a lot of enthusiasm of helping.

Q Do you recall your first meeting with Mr. Channell?

A It was not a one-on-one. I mean, in other words, he came to a meeting about the importance of helping on this Nicaragua Refugee Fund and there were lots of organizations and people that were involved.

Q Can you recall when, approximately, he first came on the scene?

A Probably January of 1985, yes.

Q and what was it Mr. Channell and his organizations were to do in the context of the dinner?

A He expressed a volunteer capacity to assist.

Q Did he also express an interest in helping to raise money for the dinner and to sell tickets for the dinner?

A That was precisely his offer.

Q The dinner ultimately occurred on April 15, 1985, is that correct?

A That is correct.

Q Approximately how many times did you meet with Mr. Channell or with groups in which Mr. Channell was present?

A I never knew of all Mr. Channell's groups at the time.

Q No, no, I meant, how many times did you meet with Mr. Channell in planning, or leading up to, April 15, 1985, and by Mr. Channell, I meant to include group settings where he might be in a group?

A Oh, there were probably only two group settings.

Q All right. Did you meet with him individually on other occasions?

A Occasionally but it was not just me. You realize, we had a whole staff that was basically a little team of people, so it was not I individually. And I think, Mr.

Conrad was probably his representative more than he was, yes.

Q So, do you recall how many occasions you might have met with either Mr. Channell or Mr. Conrad, one-on-one, or small group settings?

A Infrequently. Okay? In one-on-one settings with Mr. Channell?

Q Yes.

A Very rare. Several times. Mr. Conrad more than Mr. Channell.

Q Well, let's break them apart. Mr. Channell, three or four times? Less than that? More than that?

A Mr. Channell? Yes, that's approximately right. I would say three or four or five times.

Q Mr. Conrad?

A Mr. Conrad, you know, would report back into our staff much more frequently in terms of what they were doing to assist on the dinner.

Q And can you put a figure on the number of times you might have met with Mr. Conrad personally?

A I, alone, with Mr. Conrad? Or the staff or the group?

Q By you alone, I mean, you personally, with Mr. Conrad, whether there were other people present or not.

A Several times.

Q Approximately three or four?

A Sure. And I think he worked with two or three people on our staff and over at the Nicaragua Refugee Fund that were helping with the dinner, both, so that he probably worked with us, you know, on, I would say during that whole time, in and out of our office and in and out of the Nicaragua Refugee Fund.

Q Can you recall when, in the preparation for the NRF dinner, Mr. Channell made the suggestion to you that was reflected in your letter of March 4?

A I assume it must have been right around the first of March for me to have written that note.

Q So it was sometime approximately at the time of the letter?

A Sure.

Q And you discussed--other than that occasion around the time of this letter, did you ever discuss that proposal with Mr. Channell again?

A No.

Q What, if any, did Mr. Conrad have in discussions of the proposal?

A Be careful about the word proposal, okay?

Q I'm trying to use shorthand.

A Every time I think of a proposal, I think of a formal--

Q The subject of your handwritten note.

A Their suggestion, basically.

Q All right.

A Mr. Conrad was often Mr. Channell's representative, all right? His consultant and his representative. So, the question is--

Q The question is what, if any, discussions did you have with Mr. Conrad regarding the subject of this handwritten note?

[Brief recess.]

BY MR. McGOUGH:

Q I was exploring with you any involvement Mr. Conrad might have had in discussions regarding the subject of your handwritten note, and I'm inquiring, really, in distinction to Mr. Channell, any independent input he might have had or information he might have conveyed to you regarding that subject.

A My recollection is that Mr. Conrad was often Mr. Channell's representative to report things in terms of what they were doing, in terms of any potential support for tables at the dinner. And my understanding was, and I was trying to recollect, whether this came from Mr. Channell directly with the two of them sitting around just suggesting this, right? Or whether this came directly from Mr. Conrad saying, look, Spitz can do this, right? And I don't quite remember, you can believe that, I can't remember but I thought that it

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really came from the two of them.

Q And you can't, at this point, sort between who said what regarding that subject?

A That's correct. It was definitely the inference to Mr. Channell, though. I can't raise that kind of money.

Q Were you ever aware of any efforts or activities by Mr. Channell, or any of his organizations, or any of his employees, in raising money for direct contribution to the Nicaraguan resistance?

A No. No emphatically.

Q And by that emphatic no, you would include both lethal and/or non-lethal assistance to the Nicaraguan resistance?

A Precisely. I'll just say for the record that I would very opposed to it.

Q Very opposed to what? So the record is clear.

A Money for weapons.

MR. LEONARD: See what happens when you volunteer information? The answer to the question is no.

THE WITNESS: Yes, sir. No.

BY MR. McGOUGH:

Q There came time, did there not, when you were retained by one of Mr. Channell's organizations to assist in something called the Central American Freedom Program?

A Yes.

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Q And was that in early 1986?

A Correct.

Q What were you retained to do?

A To provide public affairs educational assistance, in the terms of $15,000 in support of the education of the Congress in terms of the Nicaragua relief.

Q Was that for direct mail work?

A That was for contact and education, yes.

Q Contact with whom, by what means?

A Contact for various groups, be they women's groups, be they basically things like the American Legion, to get to their grassroots for education.

Q I guess my question is: Who was supposed to contact whom?

A Our organization was to contact in very small time--it was a three-week period, as I remember, and that was it--to really contact the organizations, to give them basically the importance of the educational effort and have them contact their members.

Q So it was really a two-stage sort of thing: you were to contact grassroots organizations with either the hope or the goal that they would in turn contact their members?

A That is correct.

Q Members of Congress, that is.

A That is correct.

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Q What did you understand the overall goal of the Central American Freedom Program to be?

A To gain the support for the Congress in terms of funding the Nicaragua contras.

Q Had you been involved with the Nicaraguan issue other than the Nicaragua Refugee Fund dinner?

A No.

Q During that period of time.

A No contact.

Q Who else was part of the Central American Freedom Program?

A I don't know.

Q Did you meet as committees or task forces or groups on any of these issues during that period of time?

A No.

Q How did you get your instructions--or what happened, how did it work then?

A Mr. Channell and Mr. Conrad were the direct contact with our organization, and there were three individuals in our organization during the total of the three-week period, which is all in terms of saying the importance of getting the education out, of contacting groups, and that was it. There was no contact with any other group--of that organization.

Q "That organization" being?

A What did you just call it?

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Q Central American Freedom Program.

A Yes.

Q Did you have any contact with any lobbyists involved with that program?

A No.

Q Did you have any contact with IBC, International Business Communications?

A No.

Q Did you ever have any contact with any of Mr. Channell's contributors?

A Never.

MR. McGOUGH: I don't have any further questions. Off the record.

[Brief discussion off the record]

MR. FRYMAN: Ms. Fraser, as Mr. McGough indicated at the beginning, this is a joint deposition of the Senate and House Committees, and, before we commenced, I gave you a subpoena from the House Committee, and I have provided your counsel with copies of the House resolution of the House rules. My colleague, Mr. Oliver, has some questions for you at this time, and I may or may not have some further questions after he's finished. But I will turn it over to Mr. Oliver at this point.

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EXAMINATION BY COUNSEL FOR THE

HOUSE SELECT COMMITTEE

BY MR. OLIVER:

Q Ms. Fraser, I'd just like to ask a few questions to follow up some of your earlier answers and to expand a little bit on some of the areas that were touched upon.

You indicated that you were at the State Department when you were told about Colonel North, is that correct?

A That is correct.

Q You indicated that you were with Ambassador Robert Hollowell, is that correct?

A That's correct.

Q Why were you there?

A That's an interesting question. Oh, I know, we were getting background on the refugee situation in Latin America from the staff of the Assistant Secretary for Latin American or Inter-American Affairs. Our staff had initially gone over to get background and we asked if he would brief us on the situation there. We were just getting general background briefing because of the Nicaragua Refugee Fund.

Q Who was the Assistant Secretary for Inter-American Affairs?

A I can't remember if Tom Ender--no, he had already left. I don't remember.

Q Was there anyone else present at the meeting with

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Ambassador Hollowell?

A No, and I think it was a very brief meeting where he had asked certain staff in the public affairs unit to give us background papers on the refugees.

Q You don't remember who any of those staff people were?

A I think it was just he and I for a very short meeting where he had asked the public affairs people--or the public affairs people had just given us the background on the refugee camps and refugees. We were trying to determine location of the refugee camps.

Q I may have missed it earlier, but why were you trying to determine the location of refugee camps?

A We needed the educational background in order to basically know where were the refugees in terms of the Refugee Fund for the Refugee Fund fundraising, for the dinner.

Q Where did the original idea come from to do this dinner?

A The Nicaragua Refugee Fund.

Q From Mr. Rizo?

A Yes.

Q You indicated that after you met with Colonel North you had another meeting in January of 1985 at the White House with Mr. Walter Raymond.

A Right.

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Q And you said that Dr. Rizo, you thought, was present at that meeting also?

A It's my understanding it was probably more of an internal meeting, but, if I remember--all I remember is I was there for a very short period, I don't think more than about 10 or 15 minutes. But it was in Mr. Raymond's office, that's correct.

Q I believe you indicated that somebody from public liaison was there?

A I don't know if that was public liaison or their public affairs staff, the National Security Council.

Q Do you remember any of the names of any of the other people that were present at that meeting?

A I really don't. I think there was one other person in the meeting.

Q Have you ever met Jonathan Miller?

A No. He was not, and I have not.

Q Did you have any conversations with Colonel North on the telephone after your first meeting with him in December of 1984?

A I don't believe so.

Q Your first letter in December of 1984 is addressed to him as "Dear Oliver" and signed "Edie Fraser." The letter in March is addressed "Dear Ollie" and signed "Edie." What made you transfer from that sort of informal to a very personal salutation during that period of time?

A I'm a very informal person, maybe being in the public relations business, and I generally call people by their first names.

Q You did call him by the first name--you called him "Oliver" and you signed it "Edie Fraser," and then it went to "Ollie" and "Edie," and that seems like quite a jump for no contact. There was no contact between you and Oliver North between December of 1984 and the "Dear Ollie, signed Edie" letter of March of 1985?

A No, I think the reference to him from others was named Ollie, all right? So therefore I called him what others called him. The NSC staff referred to him as "Ollie."

Q Who on the NSC staff?

A I guess Walter Raymond, and the contact was "Ollie," right?

Q Did you have any further contact with Mr. Raymond after that meeting in January?

A None.

Q Did you have any contact with any other members of the NSC staff?

A None.

Q Did you have any contact with anyone in the public liaison office at the White House?

A No.

Q Did you ever meet with Mr. Bob Riley?

A No.

Q Was Mr. Bob Riley involved in any way with the Nicaragua Refugee Fund dinner that took place in April of 1985?

A I don't think so, no.

Q Was the dinner a successful dinner?

A The newspaper reports was the only thing we knew in terms of their saying very little money was left over in terms of what actually went to the refugees. From the educational--of getting the visibility of the refugees, I think yes. We did not have the financial accounts of the Fund; Nicaragua Refugee Fund had that.

Q Were you in charge of organizing the dinner?

A Assisting in the organization, yes.

Q Were you the primary organizer of the dinner?

A In cooperation with the Nicaragua Refugee Fund, yes.

Q Did you regular meetings of the volunteers who were working on the dinner?

A Initially, we had, as I said, in our probably two meetings with some of the organizations, yes.

Q And did the organizations pledge to raise a certain amount of money or sell a certain number of tickets?

A As different from a lot of the efforts we are involved in, I don't think there were formal pledges; I mean, a lot of the efforts that we get involved in for philanthropic are much more specific.

Q Was the dinner originally scheduled for some time in March?

A Yes.

Q Why did it not take place in March?

A I don't know.

Q Who decided it wouldn't take place in March?

A I guess the White House.

Q How were you told that the dinner wasn't going to take place in March?

MR. LEONARD: Don't guess, Edie. If you don't know, say: I don't know.

THE WITNESS: I don't know.

BY MR. OLIVER:

Q You were the primary organizer of the dinner and you don't know why it was postponed?

A We were the contact ---

MR. LEONARD: Excuse me, she was not the primary organizer of the dinner, and that's in her testimony, Mr. Oliver.

BY MR. OLIVER:

Q Who was the primary organizer of the dinner?

A The Nicaragua Refugee Fund was in charge of all logistics for the dinner, and the co-chairmen with the

Nicaragua Refugee Fund.

Q And who were the co-chairmen?

A The co-chairmen were Mr. Woody Jenkins and Mr. Sugar Rautbord.

Q Were they in Washington?

A No.

Q Who was in Washington that was working on the dinner?

A Dr. Alvaro Rizo and Mr. Michael Schoor.

Q They were in Washington?

A They were the Nicaragua Refugee Fund.

Q And you met with them frequently?

A Yes.

Q They attending meetings arranging these dinners?

A There weren't a lot of meetings; initially there were two or three meetings, yes. They were the primary contact then in terms of the White House. All I did was initiate; they took over as the Nicaragua Refugee Fund.

Q They provided mailing lists? Who decided who to sell tickets to?

A I think that was a joint effort of those that they knew and those that we had in terms of the advisory committee and others, in terms of those that took tables for the dinner, and individual tickets. That was then run out of the Nicaragua Refugee Fund, not out of our office, for the tickets.

Q What was run out of your office?

A The organizing initially in terms of the honorary and the advisory, and basically a certain number of commitments in terms of tables and funds, yes.

Q How did you secure ---

A And preparing the packet basically on the Nicaragua Refugee Fund dinner. Those were the three functions.

Q How did you secure commitments?

A Invitation, and basically a request whether someone would take a table or take individual tickets. Those were then turned in to the Nicaragua Refugee Fund.

Q Did you make phone calls to potential contributors?

A Yes.

Q Did you make the phone calls yourself?

A There was a team of about five people making phone calls.

MR. LEONARD: Did you make the phone calls yourself?

THE WITNESS: I was one of five people.

BY MR. OLIVER:

Q Who were the other people?

A Staff, our staff, and staff of the Nicaragua Refugee Fund.

Q Where were the phone calls made from?

A Our office our out of the Nicaragua Refugee Fund.

Q How did you avoid duplication of phone calls? Did you call one list and they called another?

A I believe, in the organization sense, we had certain number of the advisory committee and certain of the corporate support, yes. And they had just general mailing and support. There was a listing, you know, of basically who--that was provided in terms of telephone calls and commitments.

Q Were you concerned that the postponement of the dinner might result in losing some of the prominent participants who were supposed to participate in March?

A I was concerned that the dinner change; I didn't know the effect.

Q Did there come a time when you were concerned that the date of the dinner might affect whether or not Bob Hope would participate?

A To the best of my recollection, ---

MR. LEONARD: That question can be answered yes or no. Were you concerned? Yes, I was concerned; no, I wasn't concerned.

THE WITNESS: The answer is probably no, then.

BY MR. OLIVER:

Q You were not concerned about the change of date?

A I was concerned about change of date.

MR. LEONARD: Excuse me, that wasn't the question.

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The question was: Was she concerned that the change of date would affect the participation of Bob Hope? Yes or no, were you or weren't you?

THE WITNESS: No, but I'd like to qualify.

MR. LEONARD: Go ahead.

THE WITNESS: I don't think there was a firm commitment from Bob Hope to participate on the March 15th even; there was a firm commitment from Mr. Hope to lend his name to the honorary of the dinner. And I think that was the only commitment in terms of--that they ever made, right?

BY MR. OLIVER:

Q Did there come a time when you were concerned that the President would not be able to participate in the dinner because of a schedule conflict?

A No. I qualify that again. The concern was basically getting a firm date, all right, from the White House.

Q Did you communicate with the White House that the President's inability to participate on a specific date would harm the success of the dinner?

A No. Only request was to have a specific date.

Q And when did you get that specific date?

A There was a letter that was sent back to Mr. Jenkins that was sent to the Nicaragua Refugee Fund, of which I brought a copy, at the Nicaragua Refugee Fund office from

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the White House of March 26, then, which must have given ---

Q Is this one of the pieces of correspondence that was turned over to the Committee?

MR. LEONARD: No.

THE WITNESS: This is from the Nicaragua Refugee Fund; it wasn't to me.

BY MR. OLIVER:

Q Would you submit that letter for the record?

A Sure.

MR. OLIVER: Let the record show that counsel for the witness is submitting a letter dated March 26, 1985, to Mr. Jenkins from Frederick J. Ryan, Jr, director of Presidential Appointments and Scheduling. Please mark that as an exhibit.

[The document referred to was marked for identification as Fraser Exhibit No. 8]

THE WITNESS: May I just explain that letter was received by the Nicaragua Refugee Fund, not by us.

BY MR. OLIVER:

Q Did you communicate with Mr. Walt Raymond any further after your meeting in January at the White House?

A I don't believe so. I mean, I think I was asked that all communications would be to the Nicaragua Refugee Fund.

Q Did you ever have any further contact with the

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State Department regarding this dinner?

A No.

Q When you participated in this Central American freedom project in 1986 which involved education of the Congress, how did you become involved in that particular project?

A Mr. Channell approached our organization.

Q Did he call you?

A Yes.

Q And what did he ask you to do?

A To meet with him to discuss the efforts that they had under way, that they were using various organizations in the educational process.

Q And did you meet with him?

A Yes.

Q Who else was present?

A I think I had a staff member by the name of Maria Humeres with me.

Q And was anybody there besides Mr. Channell?

MR. LEONARD: Maria Humeres.

BY MR. OLIVER:

Q In addition to Maria Humeres and you, was there anyone else present?

A I don't think so.

Q And what did Mr. Channell tell you at that meeting

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about this project?

A That there was a timetable to do educational effort, not directly with the Congress, but through education of organizations to reach their grassroots.

Q Through education of organizations to reach their grassroots.

A Yes.

Q How would that take place? How would you educate organizations through their grassroots?

A Those that were sympathetic to the issue would ask them to send a letter to their members, certain members, to contact the members of Congress, as occurs in most grassroots efforts.

Q Which groups were involved?

A I don't remember precisely; I knew that we had a lot of the women's groups very specifically, and I believe--I did not coordinate this effort; I mean, one of our staff people--we had Maria Humeres and a consultant by the name of Jane Ellis really worked on this project, and, again, it was only a three-week effort, very specifically in terms of--I guess they were the women's groups and certain patriotic groups, and there weren't that many groups to educate in terms of their grassroots. Very small, very short-term educational initiative.

Q What did you do in those three weeks?

A We made contacts with certain of those organizations, to tell them in terms of the time to educate their members, the importance of getting to Congress to support the Nicaraguan issue.

Q Did you discuss specific congressional districts?

A I think there was a list that Mr. Channell gave us of the districts that were important, yes.

Q How did you use that list?

A The list was given to groups.

Q Can you remember the names of any of the groups?

A General Federation of Women's Clubs.

Q Why would these groups write letters to their congressmen?

A I think you are familiar on any given issue there are supporters in this country and groups that are very interested--probably a hundred issues a day where that process occurs, all right? Whether it's the Chamber of Commerce effort or the AFL-CIO effort, the same process occurred here in going to groups that were sympathetic or that had members that were sympathetic.

Q Do you remember when Mr. Channell contacted you? Do you remember the date approximately?

A No, I don't; I'd have to go back on the record. But wasn't it somewhere like March of '86? It was a very small three-week period.

Q How about early February of 1986?

A That sounds appropriate--I knew it was February or March.

Q When did this effort end?

A We only worked on it for that short three weeks from the time in February till basically on that first vote, and that was it. I think there were numerous organizations, as you know.

Q Did you have any contact with Mr. Rich Miller of IBC?

A No.

Q Were you aware that Mr. Channel and Mr. Conrad had a working group, a task force, that related to this Central American Freedom Program?

A I was not aware.

Q Were you aware that your name was on the list of participants in that task force that was provided this Committee by Mr. Conrad?

A No, I was not.

Q Do you know Mr. Jack Lichtenstein?

A No, I do not.

Q Do you know Mr. Marty Artiano?

A Excuse me, Jack Lichtenstein, I guess I have met him--but did I meet him through this effort? No, I did not.

Q Was he involved in this effort?

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A I think he was.

Q What makes you think that he was?

A Excuse me, I'd like to strike that: I don't know that he was, okay?

Q What does Mr. Jack Lichtenstein do?

A I don't know. I really don't know him. Wait a minute. I will qualify that: I think he does public relations, public affairs, all right?

Q Do you know Mr. David Fischer?

A I know of Mr. Fischer.

Q Have you ever met him?

A Yes.

Q When did you meet him?

A I met him with Mr. Channell.

Q When was that?

A During that period.

Q What was the purpose of the meeting?

A The meeting with Mr. Channell to describe what he wanted in the educational effort, Mr. Fischer was sitting there.

Q Was anyone else present?

A No, I don't believe so.

Q Was Mr. Conrad present?

A I don't think so.

Q Was there discussion at that meeting of a vote in

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the Congress on aid to the freedom fighters in Nicaragua?

A The purpose of the effort was to gain educational support for the vote for the Congress, yes.

Q Is it your testimony there was a discussion of a vote that was to take place in Congress related to aid to the freedom fighters? Was there a discussion of that?

A Yes.

Q What was said?

MR. LEONARD: By whom?

MR. OLIVER: Let me try to be a little bit more specific.

BY MR. OLIVER:

Q Did Mr. Channell indicate to you that this educational program related to that vote in the Congress?

A Yes.

Q Did he indicate that there was a timetable and a deadline that related to the timing of that vote in the Congress?

A Yes. As I have stated, we were told there was a three-week effort, which I gather was the first vote on Nicaraguan aid.

Q So there was an urgency that was related to that deadline?

A The first deadline, yes. And that was the only deadline we were involved in. Yes.

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Q You said the first deadline. Was there a second deadline?

A I gather there was another vote; we were not involved.

Q Were you involved, in your recollection, until the middle of April of 1986?

A I'd have to go back to the record. My recollection, as I said here, was no more than three or four weeks. It was a very short timetable.

Q Is it possible it could have been from early February till the middle of April?

A I'd have to go back and look.

Q Do you know Bob or Adam Goodman?

A No, I don't.

Q Have you ever heard of them?

A Read the newspaper.

Q What did you read about them in the newspaper?

A That he made spots for this whole effort, public television spots.

Q Have you ever met Dan Kuykendall?

A Yes.

Q When did you meet Dan Kuykendall?

A Not from this effort; I met Dan Kuykendall back in 1979 when we were working on a labor law reform project.

Q Have you met him in relation to the Nicaraguan freedom fighter assistance effort at any time in the last year and a half?

A I saw him only once at a reception that Mr. Channell had on the Hill. That was the only occasion. I had no idea he was involved; I still don't.

Q Did you speak with him then?

A I said hello.

Q Did you ask him whether or not he was involved in the effort?

A No.

Q Did you ask anyone else whether he was involved in the effort?

A No, I did not.

Q Do you know Mr. Steve Cook?

A No, I do not.

Q Do you know Mr. Penn Kemble?

A No, I do not.

Q Do you know Mr. Roy Godson?

A No, I do not.

Q Do you know or have you ever heard of Sir James Goldsmith?

A Only reading the newspaper.

Q Did there come a time in April of 1986 that Rich Miller contacted you related to the vote which took place in the House of Representatives on Nicaragua?

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A Not in my recollection, no.

MR. OLIVER: Excuse me just a moment. Could we go off the record.

[Brief consultation off the record]

MR. OLIVER: Could we take just a moment? We want to make a copy of something.

[Brief recess]

BY MR. OLIVER:

Q Ms. Fraser, I'd like to show you a document from the Committee's files, which is marked No. A0079238, which is the Committee's identification number. And I'd like to have it entered in the record. And I'd like to ask you to take a moment to peruse this letter, if you might. It was the basis for some of the questions I've been asking you during the last few moments.

[The document referred to was marked for identification as Fraser Exhibit No. 9]

Ms. Fraser, you now have read the letter?

A Yes.

Q Does anything mentioned in that letter refresh your recollection about the program in which you were involved in February and March of 1986?

A What do you mean "refreshed"?

Q Do you remember working with any of those people on that campaign?

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A Mr. Channel got us involved, all right; we basically had a small team of people during that short period, all right; we had specific contracts; we did what we did; we provided our results to Mr. Channell. We really did not work with those other people. That is correct.

Q Well, the reason I ask the question is because the letter refers to you as sub-contractors of IBC, and the letter is from Spitz Channell to Rich Miller, asking him to call the names which I have mentioned to you. And it is your testimony that you did not receive a call from Rich Miller.

A Nor were we ever a sub-contractor of IBC, ever.

Q And you have never met or talked with Rich Miller, is that your testimony?

A I have met Rich Miller, okay, but only once in the presence of Mr. Channell, all right? Our contact was Mr. Channell.

Q When did you meet Rich Miller?

A During that time period, that one meeting. Mr. Channell contacted us, had the contract with us, we weren't a sub-contractor to IBC, I didn't know IBC, and Mr. Miller sat in a meeting with Mr. Channell.

Q Was anyone else present at that meeting?

A I thought we went through that question once, and you asked me if Mr. Conrad was in that meeting, and my best recollection was not, no.

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Q My recollection is that you referred earlier to David Fisher being at the meeting with Mr. Channell. And I was asking you about Rich Miller. And you have now indicated that you met Mr. Miller with Mr. Channell, and I am assuming that must have been a separate meeting.

A I'm sorry, it was the first time I really knew, and it was Richard Miller--here's the guy, David Fischer? I apologize, it was not David Fischer, it was Richard Miller. I'm sorry, I don't know them very well, and I was trying to recollect. It was Mr. Miller that was in that meeting with Mr. Channell.

But our contact was Mr. Channell.

Q I understand that.

A We had no sub-contract with IBC.

Q But it is your testimony that there was not a coordinating or steering or task force group that met frequently during this period of time to coordinate this campaign.

A No. As far as I know, we didn't participate with any of those other people.

Q Did anyone who worked for you participate with any of those people?

A No. Ms. Humeres and I had one meeting with Mr. Channell that Mr. Miller sat in on. Mr. Channell was in charge.

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Q How much were you paid for your participation in this project?

A $15,000.

Q Were you paid in one lump sum or in various increments?

A The answer is various increments--and I'd have to go back; our administrative staff has that--it was in the contract: it was either two or three payments from the best of my recollection.

Q The contract called for a flat fee?

A It was for a specific fee, yes.

Q There were no expenses involved?

A I'd have to go back and look at the contract. My understanding was that it was a flat fee. We had no real expenses per se, but it may be plus expenses. Our typical contracts are plus expenses, so there may have been minimal expenses of just telephone and that's basically it, all right? I'd have to check that, if you'd like. But it would be minimal. We weren't involved in ---

Q Have you supplied a copy of that contract to the Committee? Would you be willing to supply us with a copy of that contract?

A I'd be delighted to.

Q And the correspondence related to that contract and to that project?

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A Sure, I'd be delighted.

MR. LEONARD: To Mr. Embrey?

MR. OLIVER: To Mr. Embrey would be fine.

MR. FRYMAN: And a copy to me also.

MR. OLIVER: And a copy to Mr. Fryman, if you would.

MR. LEONARD: Counsel, if I might note, that organization is not identified anywhere in the subpoena, is it?

MR. OLIVER: I was just getting ready to look at the subpoena. Let's see whether or not it was identified.

MR. LEONARD: I just wanted to point out, if it was, that Ms. Fraser and I went over this list we thought fairly carefully just before we came here. But in any event I don't see it listed.

MR. OLIVER: You are correct, counsel; I think it was an oversight. We did not include it.

MR. LEONARD: I just want the record to be clear that she, not being in the subpoena, didn't know about it. But we'll be happy to provide the information; we'll get it to Mr. Embrey and to Mr. Fryman. Thank you.

MR. OLIVER: Thank you, counsel.

BY MR. OLIVER:

Q Just a couple of more questions, Ms. Fraser. Did you ever meet Barbara Newington?

A No.

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Q Do you know who Barbara Newington is?

A I was just recollecting; it's been in the paper.

Q Had you before these references to her in the newspaper ever heard of her?

A No, I had not.

Q How about Ellen St. John Garwood?

A Never heard of her.

Q Bunker Hunt?

A Certainly had heard of Bunker Hunt--who hasn't, right? But, no, I had not in reference to this thing.

Q When you had renewed your association with Spitz Channell in 1986, did you discuss with him any of his sources of funding for this project?

A No, I never did.

Q Did you ask who was paying for this project?

A No.

Q Who paid you?

A Sentinel, to my recollection, will pull the contract. We had done so, as you may know, for the IRS, as every organization did, and supplied all our records on the contract.

Q What is Sentinel?

A I gather it's Mr. Channell's organization.

Q Well, you indicated in your earlier testimony that you later became familiar with a number of his organizations.

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A Excuse me just a minute, I only have learned of his organizations through the same media that everybody has been reading. I believe that the organization that hired us was named Sentinel, all right; I know that the contact was Mr. Channell. I have to go back and look at the contract per se. I don't handle our contracts; we have an administrative staff.

Q Did you ever meet Mr. Bruce Cameron?

A No.

Q Did you ever hear of the Center for Democracy in the Americas?

A Yes.

Q Where did you hear about that?

A I watched it through the passage of the Congress with Dante Fascell and the others, because I've been very interested in foreign affairs, as we all are, right?

Q I think you may be confusing the Center for Democracy in the Americas with the National Endowment for Democracy.

A Oh, I apologize; I know the National Endowment, I don't know the Center for Democracy. I'm sorry, there are so many names. I apologize.

Q I have no further questions, Ms. Fraser. I thank you.

MR. FRYMAN: I have no further questions, Ms. Fraser.

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MR. EMBREY: I have just a brief follow-up.

EXAMINATION BY COUNSEL FOR THE

SENATE SELECT COMMITTEE

BY MR. EMBREY:

Q A couple of points from our earlier interview, in response to a direct question from me about Mr. Kuychendall, you indicated before that you had never met him. Now you have met him several times. I didn't catch ---

A Excuse me, let me go through exactly what I said. I said I had known Mr. Kuychendall through the business community in Washington. He was involved in numerous business organizations in the effort of 1979 on a labor law reform effort. At that point I was introduced to Mr. Kuychendall. He didn't work directly with us in that effort. I never saw him involved in this effort. I went to one reception on the Hill that Mr. Channell had. I saw him at that reception; I said: hello, Dan.

Q You indicated that your conversation with Colonel North on your December 11 meeting was brief, and from my notes on our interview earlier you indicated that it was to discuss refugees and a support event.

A Precisely.

Q I was a little confused by the discourse between you and Tom McGough relative to refugees. What specifically did you discuss about the refugees at the meeting with

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Colonel North?

A Only our desire to support, which was in this fact sheet, of the refugee camps and settlement, and the specific Latino refugees.

Q Do you remember specifically what information he imparted to you as to whether he was aware of their plight or whether he was active in doing anything for them?

A Well, my recollection is that he said he is very supportive of the refugee endeavor in terms of basically refugee camps.

Q Refugee camps. Can you expand on that at all?

A The refugee camps and basically of the refugees that left for Costa Rica and Honduras, all right, the refugees which were basically 6,000 Latinos in Honduras are not getting money through certain organizations and others. All we were being educated, basically by the State Department, on the seriousness of the refugees in terms of their plight, basically the Costa Rican and Honduras refugees. We didn't talk--it was a very short meeting, so of course we didn't talk about specifics on the Costa Rica-Honduras refugees.

Q Okay, I want to be clear on that particular thing. And, as I understand it now, you are indicating that you did know Mr. Miller in brief contacts in a meeting with Mr. Channell.

A He was in that meeting. I'm sorry, I didn't know who was who, because my contact or our contact was Mr. Channell. I gather Mr. Miller was sitting in that meeting with Mr. Channell.

Q And that is your only contact with Mr. Miller?

A Yes. And I'm sorry, I don't recollect David Fischer.

MR. OLIVER: If I may, I'd like to have one more question.

FURTHER EXAMINATION BY COUNSEL FOR
THE HOUSE SELECT COMMITTEE

BY MR. OLIVER:

Q During the period of time you were working on this project, did you register as a lobbyist?

A We are very careful to do that, and I don't think so, all right, in terms of ---

MR. LEONARD: You may not have had to. The question is, did you. And you don't recall.

THE WITNESS: I don't believe so.

MR. LEONARD: Would your files reflect that?

THE WITNESS: Yes, our office would know that. I can almost certainly say that the answer was no, all right. My understanding, just to back that up, was this was an educational effort. The answer is no.

BY MR. OLIVER:

Q My notes reflect that what you were doing was to

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gain support from the Congress for support for the contras. I believe those were your words. And Sentinel is a lobbying group.

A May I make one comment?

Q Yes.

A We had no contact with members of Congress.

MR. LEONARD: In any event, we are going to check the file, and if they did we will provide the registration.

THE WITNESS: We would be delighted to.

MR. OLIVER: Thank you, counsel.

MR. LEONARD: If not, we'll let you know.

[Whereupon, at 4:18 p.m., the taking of the deposition in the above-entitled matter was concluded]

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I have read the foregoing 100 pages, which contain a correct transcript of the answers made by me to the questions therein recorded.

____

EDIE FRASER

- - -

Subscribed and worn to before me this __________day of ______________________, 1987.

____

Notary public in and for:

My commission expires:

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CERTIFICATE OF NOTARY REPORTER

I, Terry Barham, the officer before whom the foregoing deposition was taken, do hereby certify that the witness whose testimony appears in the foregoing transcript was duly sworn by me; that the testimony of said witness was taken by me and thereaftrer reduced to typewriting by me or under my supervision; that said deposition transcript is a true record of the testimony given by said witness; that I am neither counsel for, related to, nor employed by any of the parties to the action in which this deposition was taken; and, further, that I am not a relative or employee of any attorney or counsel employed by the parties hereto, nor financially or otherwise interested in the outcome of the action.

Terry Barham, Notary Public in
and for the District of Columbia

My commission expires May 15, 1989.

UNCLASSIFIED TOP SECRET

HSITS-8/87

DEPOSITION OF
CRAIG L. FULLER

Select Committee to Investigate
Covert Arms Transactions with
Iran,
U.S. House of Representatives,
Washington, D.C.

Monday, March 30, 1987

The deposition convened at 3:00 p.m. in Room B-352, Rayburn House Office Building.

Present: Neal Eggleston, Deputy Chief Counsel, House Select Committee to Investigate Covert Arms Transactions with Iran; Richard J. Leon, Deputy Chief Minority Counsel, House Select Committee to Investigate Covert Arms Transactions.

Also Present: Alan Charles Raul, Associate Counsel to the President; John P. Schmitz, Deputy Counsel to the Vice President.

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by N. Menan, National Security Council

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(3:00 p.m.)

MR. EGGLESTON: For the record, my name is Neal Eggleston, Deputy Chief Counsel of the House Select Committee to Investigate Covert Arms Transactions with Iran, and also present from the House of Representatives side is Mr. Richard Leon, Deputy Chief Minority Counsel.

The witness is Craig Fuller.

House Resolution 12 establishes the committee in order to investigate various activities involving United States relations with Iran, as well as investigations into the contras, and this deposition is being taken pursuant to that resolution.

Mr. Allen Raul is present and would like to make a few remarks.

MR. RAUL: Thank you.

I would just like to say that Mr. Fuller is appearing today voluntarily, pursuant to the House Select Committee's letter of request, to say that the Vice-President's office and the President appreciate your cooperation and the courtesy you have extended to us and for giving us this opportunity to disclose the facts and comply with the President's pledge of complete cooperation with the congressional investigation.

We would also like to add our request that we receive and be permitted to retain a copy of Mr. Fuller's

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transcript.

It is my understanding that you have agreed to give us the opportunity to review the transcript and you have taken under advisement the request for a copy of the transcript.

MR. EGGLESTON: That is correct.

Mr. Fuller, let me just tell you generally the way I want to proceed with the deposition so it is very clear. I do not think that this will take very long.

I have some general questions about your own background, your education, your jobs prior to assuming your present job. I will ask you to go through various events that took place in 1985 and 1986 and ask you if you have any firsthand knowledge of them; and secondly, if you have any knowledge after discussing them with the Vice-President, if you did indeed discuss them with the Vice-President or have any other knowledge about the various events.

I will focus on the area of November of 1986 and determine what knowledge you may have of various events that took place during that period of time.

Whereupon,

CRAIG L. FULLER

was called as a witness and, having been duly sworn, was examined and testified as follows:

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BY MR. EGGLESTON:

Q Let me start with introductory material, which is if you could tell me generally where you were born, where you grew up, where you went to school, and your jobs prior to the time that you began working with the Vice-President, and I will interrupt you only if there is an area I do not understand.

A Okay.

I was born in Pasadena, California, lived in Arcadia, California, went to high school in Walnut Creek, California, in Northern California, back down to UCLA for college, undergraduate in political science, went to Occidental for a graduate degree, participated in the CORO Foundation -- C-O-R-O Foundation.

During the time I was at UCLA, I became involved with then Governor Reagan's administration and met many of the people who ultimately came to Washington in that period of time, 1970, 1971, 1971.

I graduated from UCLA in 1973.

In 1974 -- no, 1973 I was public affairs manager for Pacific Mutual Life Insurance Company.

In 1977, January of 1977, I joined Deaver and Hannaford, a public affairs consulting firm, and I was there until January of 1981 when I became Deputy Assistant to the President for Cabinet Affairs, later that year was made

Assistant to the President, Cabinet Affairs.

I held that position until April 1st, 1985, at which point I became Chief of Staff to the Vice-President.

Q Who was your predecessor as Chief of Staff to the Vice-President?

A Admiral Dan Murphy, who resigned and went into private business.

Q When did you indicate that you became Assistant to the President for Cabinet Affairs as opposed to Deputy?

A I believe it was in September of 1981.

Q What were your duties then from September 1981 to April of 1985?

A The Office of Cabinet Affairs, which I directed as Assistant to the President, was responsible for coordinating the work of the seven different Cabinet counsels. We were the principal point of contact in the White House for the members of the Cabinet, and when issues were dealt with other than those dealt with in the National Security Council, and those issues were handled by the National Security Advisor and reported to the President through Ed Meese, Counselor to the President, so I had a number of responsibilities and activities that involved assisting him in his role.

I also had, as a member of the scheduling committee, responsibilities for assisting in the planning of

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presidential events.

Q Could you then generally summarize what you do? I guess it has been nearly two years now as Chief of Staff to Vice-President Bush?

A The Chief of Staff's job really involves supervising the activities of all the members of the staff. There are six or seven major offices within the Vice-President's office, Press Office, National Security Affairs Office, Counsel's Office, a Policy Office, Advance Office, Scheduling Office, and I suppose in the role, in the Chief of Staff's role, I am the principal advisor to the Vice-President and responsible for coordinating the work of the other members of the staff.

Q Do you travel with him?

A Yes, I do.

Q Where is your office located?

A In the Executive Office Building.

Q Is it right next door, next to the Vice-President's office?

A The Vice-President has an office in the Executive Office Building, and my office is contained within a suite that includes his office.

He also has an office in the west wing of the White House. He uses both about half the time, and there is a small anteroom over there that I can use sometimes.

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Q Do you also have offices in the residence?

A I do not, no.

Q Did you know Donald Gregg -- G-R-E-G-G?

A Yes, I do.

Q What is his position?

A Assistant to the Vice-President for National Security Affairs.

Q When did you first meet him?

A I don't really recall the first date I would have met him. I came in contact with him while I was Assistant to the President for Cabinet Affairs.

He was on the National Security Staff and then joined the Vice-President's Office, so it probably would have been in 1983 or 1984. But I do not have a specific date.

Q He has been the --

A Put it this way -- I never worked closely with him on anything until I joined the staff of the Vice-President.

Q But throughout the time that you have been on the staff of the Vice-President, he has been the Vice-President's National Security Advisor?

A That is correct.

Q Did, in 1985, 1986 -- I can't remember when it was established -- the Vice-President was involved with the terrorism task force?

A Yes.

Q Did you have any involvement with that?

A I had had some involvement with it. I had... The principal responsibility for coordinating the work of the task force on the staff, was placed on the National Security Affairs Office that Don Gregg heads. Doug Menarchik was the principal contact there. I reviewed the progress of the work being performed and spoke with and helped direct the work Admiral Hollyway did, the Executive Director of the Task Force.

I reviewed the final product, or the product before it was finalized, the report before it was finalized.

Q Let me ask you about your official relationship with the Vice-President. I understand that these may be some hard questions to answer, and I will try to narrow them down.

Do you generally attend the meetings that he attends?

Do you also attend a meeting if he is at it?

Is there a way you can generalize what your attendance is?

A I don't always attend meetings that he attends.

Let me take you through some of the routine meetings of a day, and that will help answer it.

The Vice-President and I generally meet at 7:45

each morning, just the two of us, talk about the schedule, the issues of the day. We receive -- the Vice-President receives an intelligence briefing at 8:15 in the morning, and I do sit in on that, as does Don Gregg.

Q Who gives that?

A A briefer from the CIA.

Q Is it always the same person?

A No, four, five people. We review the President's daily briefing -- [redacted] the PDB [redacted] -- and have an opportunity to ask questions, and there are three, four different people from the agency that do those briefings.

That is over with about 8:30. At that time the Assistant to the Vice-President for Policy, now Charley Greenleaf, comes in and briefs us over in the west wing, senior staff meeting, and I participate in that each day.

At 9:00 o'clock the Vice-President leaves for his meeting with the President and the Chief of Staff, Howard Baker. That occurs at 9:00 o'clock. I do not participate in that meeting.

At 9:30 the National Security Advisor to the President arrives for a national security briefing with the President, and I do not attend that meeting.

The morning cycle of meetings ends about 10:00 o'clock.

Q Let me stop you before you get into the morning

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cycle.

The PDB -- is that the same PDB that the President reviews?

A Yes, it is. The routine stops at about 10:00 o'clock, and it varies from then, so in answer to your question, I have, during the rest of the day -- some meeting I attend with the President and some I do not.

The ones that I do not attend --

Q I assume you meant with the Vice-President.

A I am sorry. The meetings at 9:00 o'clock with the President and Vice-President and at 9:30 I do not attend.

Q Various meetings take place on a fairly regular basis, or various different official meetings, NSPG -- do yo attend those?

A I do attend those.

Q Does the Vice-President attend the NSC meetings?

A He does attend the NSC meetings, and I also attend those meetings.

There are Cabinet counsel meetings. If the President attends, the Vice-President almost always attends if we are in town. Those meetings I will, on occasion, attend. Frequently, I have the Deputy Chief of Staff attend those meetings.

Q Who is the Deputy Chief of Staff?

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A It is now Charley Greenleaf.

Q All right.

A It is the nature of my role and generally the practice has been to give the Vice-President's Chief of Staff the option to attend the meetings with the President if they are held in the White House. It is a kind of a function of the scheduling of the issues.

MR. RAUL: Your question was whether Mr. Fuller attends NSPG or NSC meetings, and I believe he responded that he did.

I assume you were asking whether as a rule he is permitted to attend, not whether he has attended every single NSPG meeting.

MR. EGGLESTON: That is correct.

BY MR. EGGLESTON:

Q If the Vice-President attended those meetings, did you generally attend?

A Yes, I did.

It was really the custom before I arrived on April 1st, 1985, and I continued the practice of being the one staff member that participated in the National Security Planning Group meetings, and the NSC meetings, although the NSC meetings would also periodically include either Don Gregg or another member of the staff.

Q Did you take notes at the NSPG meetings that you attended?

A No.

Q How about the NSC meetings?

A No.

Q Was there one person who generally took notes at the meetings you attended?

A My understanding has always been there is a note taker for both NSPG and NSC meetings, somebody on the National Security Staff, and the person varies, and in the event we have some reason to go back and review a record of the meeting, as a participant in the meeting, the record was available to us. And so, as a matter of practice, neither I nor anyone on the staff took notes at the meetings.

Q If you recall, was it always the same person who was the notetaker?

A No, it varies.

Q It depended --

A The subject matter.

Q Sort of the action officer?

A I believe that was the case, although I will have to indicate I am not intimately familiar with the practice or who got the responsibility.

Q Let me ask you about your knowledge now of some various different events, and let me clarify that as I ask these questions I am interested in your knowledge of these events as of the time that they occurred.

Obviously, there has been a lot written in the newspapers, and I am sure you have had conversations with people about them afterwards.

Unless I specifically say to you, "Have you had a conversation recently about a certain event," I am interested in your knowledge at or about the time that they took place.

A I understand.

Q I will probably frequently introduce a question as saying, "as reported in the Tower Commission report," but I am asking for your own personal knowledge, and by way of that, I will start exactly that way.

The Tower Commission reports that there were various meetings between Michael Ledeen and Mr. Gorbhanifar and others throughout the summer of 1985.

Were you aware that those meetings were taking place?

A I was not.

Q It also has been reported that in early August of 1985 there was a meeting which took place that involved Mr. McFarlane, and I think the President reportedly was present. Mr. Shultz was present, Mr. Weinberger, Mr. Regan. And I don't know that there has been a report about whether the Vice-President was present at that meeting? Are you aware of the meeting I am talking about? The meeting was reported as taking place on or about August 6 of 1985.

A Okay.

I had no knowledge of the meeting around early August. I am aware of the meeting that is reported to have taken place on or about August 6.

Q Okay.

A And I have no indication -- I had no indication at the time nor do I have any indication now that the Vice-President participated in that meeting.

Q If the Vice-President participated in that meeting, is there a general calendar where his activities are recorded?

A Yes, there is.

Q Is that a calendar that is maintained after the fact as well as before the fact? If he is called to a meeting he did not intend to attend, would that meeting be recorded?

A Yes, to the best of the ability of the immediate office staff. They kept an accurate record, and his participation in an early August meeting on August 6 or August 8 is not indicated on that diary.

Q And on or about September 13 of 1985, a hostage named Weir was released. By that time, there had been two shipments of TOWs from Israel, 108 or 408 -- I forget which is which -- that took place on August 30 and early September of 1985.

Were you aware at or about the time that those transactions had taken place?

A No, I was not.

Q To your knowledge, at least the Vice-President was not aware?

A To my knowledge, the Vice-President was not aware. That is correct.

Q There was a summit in November of 1985. Is that correct? Did the Vice-President go to the summit?

A No, he stayed here.

Q Similarly, you stayed here, as well?

A Correct.

Q Then in the summer of -- excuse me -- November of 1985, there was an additional transaction which took place, reported now at some length, involving Hawk missiles that were sent November 23, 24, or some date.

Were you aware of that at or about the time that it took place?

A No, I had no knowledge of it.

Q Similarly, as far as you know, the Vice-President was not aware?

A That is correct. I am not aware that he knew of that at the time.

Q Okay. There were a series -- there were various meetings which then took place in December of 1985, including one on or about December 10th which included a number of individuals, including the President, Mr. Casey, Mr. Shultz, Mr. Poindexter, Mr. McFarlane, and various others.

It has been reported that the Vice-President was not at that meeting.

A That is correct. He was not at the meeting.

Q It has been reported that he was at a football game or something.

A He was. On December 10th, we left early for Deleware to go to a meeting with the republican governors. It was the 7th that he was at the Army-Navy game, nor did he know about the meeting.

Q Is that right?

A Yes.

Q The first version -- I don't mean it that way -- the classified version of the Vice-President's report on terrorism comes out in December of 1985; is that correct?

A It sounds about right, but I am not sure of that. I don't recall the actual date.

Q Did Mr. Nir -- do you know Mr. Nir -- N-I-R?

A Yes, I do.

Q How do you know Mr. Nir?

A I knew him as an individual we met with in July of 1986.

Q I will get to that.

A I had never heard of him until July 28, 1986.

Q You actually did not? You had not even heard of him prior to July of 1986?

A No.

Q If I asked you if you had any knowledge whether he worked with the Vice-President on the task force, your answer would be you don't know that?

A At the time I would have had no reason to believe he worked on it. I had not heard of him. I have since checked, having been asked a question by the media on it, and even our own people were not sure he played a role.

We heard he may have gotten a thank you letter. He may have participated in a meeting with a group that traveled to various countries as part of the development of the report, but to the best of my knowledge, while he had some contact with people working on the task force report, he didn't play a major role.

Q The next event is there was a meeting on January 6th of 1986. It has been reported that the Vice-President attended that meeting, and also the President, Mr. Poindexter, Mr. Fortier.

Is the report that I have that he attended that meeting -- is that correct?

A I thought it was a meeting on January 7 that he attended with those people.

Q I was going to ask you about the 7th, as well. It is my understanding there were two meetings, one on the 6th and one on the 7th.

A We have indicated a willingness to provide the schedules.

I do not recall whether he is down as having attended the meeting on the 6th. I did not attend it and was not aware of the meeting on the 6th.

Q Were you aware that he was going to attend this meeting on the 7th?

A No, I was not aware of it at the time.

Q But you have confirmed that he did attend this meeting?

A He has indicated to me he recalls attending it, yes. Our record indicates he attended it.

Q Okay.

Does your record indicate the purpose of the meeting?

A No, it doesn't.

The recollection, I guess, is consistent with the reporting that I have seen. It was a session that was a follow-on, I believe, to another meeting.

Q Okay.

But have you discussed this issue with the Vice-President about this particular meeting on January 7?

A Not in detail, except to indicate that -- where we can, we have attempted to see if he recalls anything specific about some of these meetings that have been in the record, in the Tower record, as well as others.

Q Okay.

So, you don't have any additional knowledge about the January 7 meeting, except that you now believe that he did attend the meeting of January 7.

Let me ask you about the meeting on January 17, which was the day on which the finding was actually signed. It has been reported to me at least that the Vice-President did attend that meeting, as well.

Did you know about that meeting at the time that it took place?

A As best I can determine, it was -- the meeting was or occurred as part of the 9:30 national security briefing, that the national security advisor gives, and so I knew that the Vice-President was attending the 9:30 briefing.

I did not know the subject matter then, and until much of this was reported, I did not know that this issue had been discussed there.

Q Let me take you quickly through some other events and ask you whether you recall whether you knew about them at or about the time they took place.

In February of 1986, there was a transaction, a sale of TOW missiles to Iran, approximately 1,000. Did you know about that at or about the time?

A No, I did not.

Q There was a NSPG meeting which took place on or about May 16, 1987 where the issue of funding for Central America, the contras, the Central American issues came up. Do you recall whether you attended that meeting?

A I believe I did. I will be glad to check the record and get back to you.

Q How often did these NSPG meetings take place?

A There usually is not more than two a month, at most.

Q Are they generally each one devoted to a particular issue?

A Yes. There is a particular topic, and they are not -- or they are called as necessary. There is not a standard time in which the NSPG meets. It is on an as-needed basis.

BY MR. LEON:

Q Colonel North attended?

A That meeting specifically?

Q In general.

A In general, no. I am not sure he attended that meeting at all.

Q Who would normally be there from the National Security Council?

A The National Security Planning Group is the most restricted national security council meeting that is called. It is usually confined to the principles, meaning the Secretaries of State, Defense, Vice-President who attends, the Director of Central Intelligence, Chairman of the Joint Chiefs, the President's Chief of Staff, and it -- usually the Attorney General and Secretary of Treasury, but it can be expanded depending on the topic.

But it does not usually expand to lower levels within the bureaucracy, which the NSC meetings do, but the NSPG are held in a smaller room, usually doesn't exceed a dozen people in attendance.

Q Would each of the principles have one of his staff members with him?

A No, standard rule is National Security Advisor had one, had his Deputy present, and the Vice-President has his Chief of Staff present, and the President has his Chief of

Staff present, and then other members of the staff are there on an invited-for-a-presentation-purposes-only basis.

BY MR. EGGLESTON:

Q Let me ask you about one other event before I get to the meeting in July with Mr. Nir.

Mr. McFarlane, as you now know, traveled to Tehran in late May of 1986. Were you aware of that at the time?

A I was not.

Q Were you aware whether the Vice-President was aware of that?

A He has told me since he was.

Q I have a copy of your memorandum here in front of me dated July 29, 1986; and I also have a version which is in the Tower Commission, because my version has been photo-copied now so many times, it is not as legible.

Where did this meeting take place?

A In the King David Hotel, the Vice-President's suite.

Q In Jerusalem?

A Yes.

Q For what reason was the Vice-President in Jerusalem?

A We were on a Middle East trip to Israel, Jordan, and Egypt, really to go and meet with the Heads of State and other people in those three countries.

Q When had the Vice-President left the United States?

A I believe it would have been about July 25 or 26. Israel was our first stop.

Q Israel was the first stop.

Do you recall how long you had been in Israel as of the time that this meeting took place?

A One day, maybe two.

We were in Frankfurt, Germany when Jenco was released, and we went from Frankfurt, Germany into Israel.

Q Could you describe how this meeting came about, how it was set up?

A On July 28, Colonel North phoned me and indicated on a secure telephone that he would like for the Vice-President to meet with Mr. Nir. He indicated that Mr. Nir had briefed the Prime Minister, Peres, on a highly classified effort that involved our reaching out to Iran, involved the U.S. hostages, and that he realized that I may not know a lot about the program, but that the Vice-President was fully aware of it and asked for a half hour or so for Mr. Nir to come in, indicating that the Prime Minister would like for the Vice-President to have the same briefing that the Prime Minister had.

Recognizing and fully respecting the notion that

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there might well be a classified program that I had not had access to, I sort of took the requests under advisement.

I indicated that if the Vice-President was willing to have the meeting, 7:30 was probably the logical time, and Mr. Nir -- or Colonel North indicated that he would have Mr. Nir phone me.

Q Colonel North, as far as you know, was in Washington at the time?

A I don't know where he was.

Q Do you know where he was?

A I do not know where he was.

We ended the conversation on that basis.

Oh, before we ended the conversation, Colonel North indicated that if the meeting was held, that no one else should know about it except for the Vice-President and me, and that no member of our party should be advised about this classified program or about the nature of our conversation.

At some point during the day, I went to the Vice-President and indicated that there had been a request for the meeting. The Vice-President indicated that he was a little surprised that Colonel North had given me any background on the nature of the classified program since the information about it had been strictly limited, but he indicated that he was willing to consider the meeting.

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And I indicated that Mr. Nir would be phoning me and we would look -- we anticipated having it at 7:30, provided no further reservations.

At that time the Vice-President indicated that he wanted to talk to John Poindexter about it, and he tried to reach John Poindexter on a secure phone, was unable to do so, because John Poindexter was traveling or otherwise unable and ultimately spoke with Colonel North directly. And I was not present for the conversation, but whatever transpired, it was agreed that I would attend the meeting and would take thorough notes of what was discussed and brief Colonel North following the meeting.

Mr. Nir called, and I confirmed at 7:30. He was aware 7:30 was the time we identified for the meeting.

He arrived in my suite the next morning about 7:15, and we went from my suite to the Vice-President's suite at 7:30 and held a half-hour meeting.

Q Okay.

I would like to ask you then about the meeting that took place. I have read your memorandum of the meeting.

Did you take handwritten notes during the meeting?

A I took -- yes, I took handwritten notes. We had no recording devices at all in the room, and I then wrote them out in longhand during the course of the day, in order to insure that we didn't lose the essence of what had been said, and then typed them when we returned to Washington and provided them to Colonel North.

Q As the meeting began between the Vice-President and Mr. Nir, did they appear to know each other?

A They did not know, no -- they did not appear to know each other, and I have no reason to believe the Vice-President knew of him or knew him prior to this initial meeting.

Q Was there any discussion at the beginning about -- let me ask you this to amplify various parts of the memorandum that I am not sure are really there and see if you can recollect.

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Was there any discussion at the beginning of the meeting about the reason that the Vice-President was being briefed on this matter directly by Mr. Nir?

A There was an indication by Mr. Nir that he -- similar to what Ollie North has stated. Mr. Nir indicated he had briefed the Prime Minister; and since we were in Israel, the Prime Minister wanted the Vice-President to receive the same briefing.

Mr. Nir also indicated that he had been encouraged to brief us by his U.S. contacts, who he did not name, to the best of my recollection.

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Q Did you know who, or did you have an understanding about who he referred to?

A I assumed it was Ollie North.

Q Did you know Colonel North?

A Yes.

Q Were you or are you personal friends with Ollie North?

A I would not characterize it as a personal friendship. I have never socialized with him. In the course of the six years at the White House I have seen him ten or twelve times, participated in meetings with him on occasion. That is, meetings at which he was present on occasion, so I knew him, and I certainly respected him as a senior member of the National Security staff.

Q Let me ask you some questions, since there is a fairly complete memorandum of this meeting, which at least according to the memorandum, took 25 minutes or so. I have a few questions about it.

At the beginning he began by describing the early phase. Do you recall what it was? Did he describe what the early phase was, what had actually taken place during the early phase? It is a little vague from your memorandum just what it was that he was describing.

A I am not sure I can answer that question without putting the notes in context or describing a little bit about

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the notes themselves. Since I had no knowledge of the program at all until the 28th, and I had no specific, or any detailed information, literally, everything that was said during the course of the meeting was a revelation to me, and so in taking the notes, and in transcribing them later, I really tried to set forth in almost verbatim material what had been said. As a result, what you have there is in many ways better than my recollection because it was really an endeavor not to miss anything that had been stated at the meeting.

Having said that, I grant you that there are some ambiguities and some points that at the time were not clear to me, and in a way remain unclear even now, but what is in there is about as complete a description as to what he said as I can offer.

Q I think that statement, notwithstanding, I am going to ask you about various statements.

A That is fine. The early phase is what he said and I grant you it is not thoroughly enlightening.

MR. LEON: Did the Vice President question him as to what he meant?

THE WITNESS: No, he did not. The nature of the meeting was such that the Vice President really, he and I both, for that matter, sat and listened to Mr. Nir's presentation, and neither, except where indicated, asked very few questions.

MR. LEON: Did he appear, he being Nir, appear to be, by the way he was speaking to the Vice President, appear to be assuming certain knowledge on the part of the Vice President, as if perhaps he had been informed the Vice President had that knowledge?

THE WITNESS: No, he really approached the briefing in a way that suggested he was trying to describe for the Vice President as much detail that he could, not assuming that the Vice President had the detail.

BY MR. EGGLESTON:

Q Did Mr. Nir come alone?

A Yes, he did.

Q What was your understanding of what Mr. Nir's position or title was at the time?

A We were told he was counterterrorism advisor to Prime Minister Peres.

Q Told by Colonel North?

A By Colonel North and by Mr. Nir.

Q In paragraph 4 it says there were more discussions in November and January, "We thought we had a better approach with the Iranian side."

Do you recall anything more about that issue, what he said was better in January about his approach to the Iranian side?

A I don't. I don't think I can amplify on it. He was expressing certain degrees of frustration that the approach in the early phase hadn't been as productive as he would have hoped.

Q But did you have any indication about what he thought had changed in January that led him to conclude that it was "A better approach."

A No.

Q In another paragraph the memo states, "Nir described Israel's role in the effort by saying, 'We activated the channel. We gave a front to the operation, provided a physical base, provided aircraft.'"

Do you recall whether he made any distinction between pre- and post-January 1, 1986, in terms of the degree or the method or the nature of the Israeli involvement in the operation?

A No, I don't recall him making any distinction.

Q Was it apparent from this conversation that he had -- is this the first that you learned there had been a delegation that included McFarlane that had gone to Tehran?

A Before I answer the question -- one of the great difficulties about this is remembering when you learn things.

I don't believe that I knew of McFarlane's involvement from this. Yes, I did, okay.

Q I am looking at paragraph 9, which seems to set forth this event.

A Okay, this is the first time I learned of McFarlane's involvement, but I didn't learn any more than was in this paragraph until subsequent reports came out about the nature of the May visit.

Q Let me just ask you, I am not going to ask you any more questions about that conversation itself. How did this meeting end? What happened at the end of it?

A We had a scheduled departure, it seems to me about 8:15 or 8:30, but we had a limit on the amount of time we could spend. And as we indicated, we were nearing the end of the time we had available, and as Mr. Nir reached the end of his own chronological briefing, the Vice President really just thanked him for coming in and for the briefing, and was really very non-commital, and in no way gave him any direction at all, and with regard to this question that Nir posed, which was the question of, as he described it,sequencing, and so the meeting ended with a general thanks, and Nir left. And I think literally 15, 20 minutes later we left.

Q Two places in the memorandum, you mentioned that Nir had indicated that they were dealing with the most radical elements and that the moderates could not deliver. I take it that is your recollection of what Nir said during the course of that meeting?

A That is correct.

Q Subsequently, it became a hot document in some ways.

A That is correct, he indicated that.

Q After that meeting was over, did you have any conversation with the Vice President about the meeting with Mr.

Nir?

A The Vice President asked me to provide a brief report as soon as possible to Ollie North, and then to provide him with a record of the meeting as soon as I could. Since we were in the process of getting ready to leave, we really didn't sit and discuss what had been described.

The Vice President indicated that we should, reminded me we should adhere to the request not to inform others that the meeting had taken place. The meeting really did take place without anybody else being aware of it, and even the Secret Service detail, though present [redacted] was aware that I brought a guest in, and they didn't question that.

MR. LEON: Did they know his name?

THE WITNESS: No.

Within a matter of a few hours, I phoned Colonel North and indicated that we had had the meeting.

He asked if any requests had been made, and I said no requests had been made. I indicated that I had a complete set of notes from what had been discussed and he indicated that it would be sufficient to provide those to the NSC when we returned, and they were provided on August 6, 1986.

BY MR. EGGLESTON:

Q Is that the day that you actually returned?

A I think it was the day after. I am not certain when we returned. I think this was a sufficient priority that the first working day we were back, I made sure that Colonel North had the material.

Q Did you maintain or have you retained the handwritten notes that you used to prepare the typed version?

A Yes, I have.

Q Are there any differences between the handwritten notes and the typed version, anything in the handwritten notes that is not in the typewritten version?

A No, nothing was omitted. My own knowledge was limited, I sought to provide everything I could to them, to Colonel North.

Q Okay, let me turn the subject to another area and ask you about November, and that is, there has been a lot of reporting about Felix Rodriguez and his relationship with the Vice President. Do you know Felix Rodriguez?

A No, I do not.

Q Have you ever met him, to your knowledge?

A I was present at a reception in which he was in attendance, but I do not recall meeting him then or on any occasion in which he has been in Washington.

Q I take it the Vice President knows him.

A He has met him, knows him. I am not sure how you define, but he has met him twice in meetings in the Vice President's office. He has seen him and spoken briefly to him at a reception. So he is acquainted with him, but certainly does not have any thorough knowledge of his background.

Q If you know the answer to this question, does the Vice President know him through Mr. Gregg?

A Yes. I think that would be correct.

Q Okay, he didn't know him in some other fashion?

A That is correct.

Q Through his involvement with the CIA?

A No. Mr. Gregg brought him to the Vice President's attention and has been present for both of the meetings that occurred within the Vice President's office.

Q On those two occasions when the Vice President met with Mr. Rodriguez, those were not solely meetings?

A Correct.

Q Did the Vice President ever meet,during the period of time you have been chief of staff,with Colonel North, just the two of them?

A Not to my knowledge, they did not have -- I am not aware of any meeting with just the two of them, no.

Q During the times that there were these meetings, the two meetings that involved the Vice President and Mr. Rodriguez, and you just indicated Mr. Gregg was also present, were you present at either of those meetings?

A No, I was not.

Q Who did you understand Mr. Rodriguez to be? What did you understand that he was meeting with the Vice President for?

A The first meeting occurred in January of 1985, and I was not the chief of staff then so I had no knowledge of that meeting.

The second meeting occurred in May of 1986, and I can recall Don Gregg, I have a general recollection that Don Gregg indicated that Mr. Rodriguez was in town and wanted, if there was time available, just to stop by and say hello to the Vice President.

I was aware at the time that Mr. Rodriguez was involved in El Salvador assisting the counter-insurgency activities there, and was working with El Salvador officials as well as U.S. officials who were present, and I was aware that the drop had occurred, but I didn't get over there for it.

Q Did you know anything about Mr. Rodriguez' prior employment history at that time? Did you know who he was?

A I didn't. I did not have any detailed knowledge of his background or his activities. I knew him to be someone that had been successful, based on Don Gregg's accounts, had been successful in El Salvador, assisting in counter-insurgency activities.

Q The Vice President's chronology reports that Ambassador Corr was also present at that meeting.

A I wasn't present at any point in time. My understanding is that Mr. Corr and Col. North came into the outer office as the meeting was breaking up and joined in the discussion.

The meeting in May was a fairly brief one. I don't know that we have identified the time. My guess is, it was about ten or fifteen minutes.

Q You have no personal knowledge about what was discussed then at that meeting?

A No, I have no personal knowledge.

Q Were there notes taken of the meeting?

A Not to my knowledge.

The accounting of it that I have had from both the Vice President and Mr. Gregg suggested that it was, it involved only a discussion of counter-insurgent activities in El Salvador, possibly a discussion of some photographs on counter-insurgent activities in El Salvador, no discussion of the contras.

Q The Vice President's chronology reports that there was a meeting involving Mr. Rodriguez, Mr. Gregg, and Mr. Watson that took place on October 8. Did you attend that meeting?

A I did not.

Q Do you know where it took place?

A I do not.

Q When is the first that you learned that this meeting had actually taken place?

A Let me think, when there were media or press accounts of our office having contact or possible contact with people helping the contras, and it seems to me the dates would have been in late October of 1986. I asked Don Gregg about the nature of his contact with Felix Rodriguez and in addition to reminding me of his contact related to El Salvador, he indicated that at least on one occasion he had the discussion with Felix about the contra supply activities that Felix was witnessing [redacted]

Q Did Mr. Gregg indicate to you the purpose of that discussion, why it was that Mr. Rodriguez was relaying these events to him?

A No. The nature of the discussion had to do with the question of whether or not there had been any substantial contact by the office with people that were assisting the contras and Don indicated that there had not been, and that other than having one briefing, one short conversation with Mr. Rodriguez about it, all of his dicussions had been with regard to El Salvador.

Q Do you know a retired General Richard Secord?

A No.

Q To your knowledge, has he met with the Vice President?

A He has not met with him in the two years I have been there. I have no reason to believe that they know each other.

Q Do you know whether there have been phone calls between the two of them?

A I have no knowledge.

Q The Vice President's chronology on October 5th and October 6th of 1986, and Mr. Hasenfus was shot down in Nicaragua, that Mr. Rodriguez called to speak to either Mr. Gregg or Mr. Watson. Mr. Watson is Gregg's assistant?

A His deputy.

Q Did you know that those calls had taken place?

A Not specifically. I was told by our office that they had heard that a plane had been shot down but I was not aware of how we learned of it.

Q Okay, in November of 1986, Mr. Rodriguez comes to town with [redacted] Did you know that the two of them had come to Washington, and met with Gregg and Watson?

A I don't have any -- this is in November of '86?

Q Yes.

A I don't have any independent recollection. If that is out of our chronology, I would have been aware if it was in our chronology, but I have no independent recollection.

MR. LEON: Is that the kind of thing that Gregg would normally report at his morning briefing to the Vice President?

THE WITNESS: No, not necessarily. There wasn't any, you mean the fact that he had had contact with Felix Rodriguez, given what we now know about the number of contacts which is not enormous, he certainly didn't report it at the morning meetings.

BY MR. EGGLESTON:

Q Do you know Colonel Steel? Is that a familiar name?

A No.

Q To your knowledge, then, he has not met with the Vice President?

A Not that I can recall.

Q Okay, I just have a few more things.

I know on April 15 of 1985, shortly after you arrived on duty as the chief of staff, I believe the Vice President addressed a dinner, and did a briefing related to Central America, Nicaragua refugees, do you recall that?

A I don't have a recollection of it.

Q It is also my understanding throughout '85 and the first half of '86 that there were occasional briefings of organizations that were involved in Nicaraguan refugees, raising funds for those kinds of activities. Did the Vice President address those meetings?

A Our records suggest that he addressed -- the records in the White House suggest that there were several such meetings. The Vice President addressed very few of them, and one perhaps, perhaps two that we have identified.

Q Would these be extemporaneous addresses or would speeches have been written for these kinds of meetings?

A The one in particular we have identified in March of '86, I believe it was, it was a meeting set up by the Office of Public Liaison in the White House and the Vice President dropped by for ten minutes and it was completely extemporaneous.

MR. LEON: When was that?

THE WITNESS: March of 1986.

BY MR. EGGLESTON:

Q There would not have been a speech prepared for that?

A That is correct.

Q May have been talking points.

A I have not seen any specific remarks drafted for him. The one event that we have looked at the record on, as I recall, he simply entered the room to encourage the group's support of legislation pending on the Hill.

Q What group was that?

A The Council on Inter-American Security, I think, something like that.

Q Do you know who is the principal operator of that group?

A I do not recall. It was an event that was set up and recommended, or requested by the White House Office of Public Liaison.

Q Who would it have been in the Office of Public Liaison that would have set up that meeting or who did?

A Linas Kojelins, K-o-j-e-l-i-n-s, I believe.

Q On or about November 2, there is a press report in a Beirut magazine that I guess the report is about the McFarlane trip to Tehran, and thereafter various events unfolded, culminating on November 25th, when Colonel North is fired, Poindexter resigned.

There is a major meeting which appears to have taken place on November 10 of 1986 with various individuals including the President. Do you know whether the Vice President attended that meeting?

A I am sorry. I am not sure which meeting you are referring to on November 10th.

Q In any event, you have no recollection of him attending a meeting on November 10 of 1986 with the President, Mr. Shultz, Mr. Weinberger, Alton Keel was present, the Deputy National Security Advisor, Mr. Poindexter was present?

A I have seen reported a meeting that occurred, or a meeting after which it was concluded that not a great deal of public comment should be made about the facts related to the Iran initiative. I have not determined exactly which meeting it was, or if the Vice President was there. I believe that it is likely that he participated in discussions during the regular 9 o'clock or 9:30 sessions and I will just leave it there.

Q At meetings at which you were not present?

A That is correct.

Q The President gave a speech on or about November 13 of 1986. Did you have any role in the preparation of that speech?

A I had no formal role. We did receive a draft of the speech. In discussing the draft with the Vice President, there were phrases in there that described the shipments to Iran as shipments that would fit inside of a cargo plane, and I cautioned Mr. Buchanan about making sure he understood that that was an accurate description based upon what little knowledge I had from my July meetings and discussion with the Vice President. That was the only role I had.

Q During this period of time a chronology was begun in the National Security Council. Were you aware that had taken place?

A I wasn't aware of what they were specifically doing. I did talk with Al Keel about the need to determine the facts, what our records showed,and he indicated to me that he was in the process of doing that. I made no contribution to it or had no further discussions with him about that.

Q Is this sort of November time period basically a series of events in which you have no particular role, or no particular involvement?

A I think that is an accurate characterization. We were neither asked to produce material at that time nor did we have material available to us that was in any way unique to our office, so we really didn't play a role in trying to prepare the record.

Q There was also a news conference which took place on the 19th of November?

A Yes.

Q Did you have anything to do with preparing that news conference?

A No, I did not.

MR. LEON: Do you know General Singlaub?

THE WITNESS: I do not know him.

MR. LEON: Have you heard of him?

THE WITNESS: Yes, I have.

MR. LEON: Have you ever had occasion to discuss him with Mr. Gregg?

THE WITNESS: No, I don't believe so.

MR. LEON: How about the Vice President?

THE WITNESS: No.

MR. LEON: Colonel Robert Dutton?

THE WITNESS: No, I don't know him, don't recall ever having discussed him with either Don Gregg or the Vice President.

MR. LEON: Did Don Gregg ever account to you a meeting with Mr. Rodriguez in which Mr. Rodriguez informed him, Mr. Gregg, that he had been, let's say, criticized by Oliver North for his, Mr. Rodriguez' conduct vis-a-vis the contra operations in Central America?

THE WITNESS: In the process of assembling the chronology of Don Gregg's contacts with Mr. Rodriguez, I spent quite a bit of time trying to determine exactly what the nature of our office's contact had been with Mr. Rodriguez, and I spent quite a bit of time with Don Gregg talking about in some

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detail his knowledge of Felix Rodriguez and his knowledge of what he was doing in El Salvador [redacted] and what the nature of the meetings entailed, and in that period of time, which was really the day of and day before the release of the chronology, in that period of time, Don Gregg did indicate to me that, as best I can recall now, he did indicate to me that Felix Rodriguez had been criticized by Ollie North for being too public or too outspoken about what Felix perceived to be improprieties in the handling of the transporting of supplies to the contras.

MR. LEON: Okay, that was the first time you had heard about him?

THE WITNESS: That is correct. I mentioned before in late October, I think it was, Don Gregg indicated that Felix was aware of the fact that there was a contra supply effort going on [redacted] but at that point I didn't learn any particular details of what Felix Rodriguez knew about it.

MR. LEON: When you came aboard as chief of staff for the Vice President, was that at a point where Ambassador Whittlesey had already left as an Assistant to the President?

THE WITNESS: I'm sorry, I just don't recall.

MR. LEON: She began her second tour as Ambassador to Switzerland in May of '85. What I am trying to get some help from you with is when she might have left the White House before

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then to become Ambassador?

THE WITNESS: I'm sorry, I just don't recall.

MR. LEON: Do you recall being aware at that time that the specific outreach program that Ambassador Whittlesey had in place at the time she was the assistant to the President for the Office of Public Liaison, the outreach group she had in place under her to deal with different constituency groups, let's say, regarding Central America had been disbanded after she left that position.

THE WITNESS: I was not aware that was the case.

I had only the most cursory knowledge of what she was doing with regard to the Central America support groups, so I didn't particularly pay any attention to whether they were functioning or not functioning.

MR. RAUL: Mr. Fuller didn't indicate in his previous testimony that he had any familiarity with these outreach groups or what Ambassador Whittlesey's Central American program may have been.

MR. LEON: Did you know Robert Reilly?

THE WITNESS: I met him a couple of times, but I had no personal relationship.

MR. LEON: The reason I ask, you told us that the Vice President was asked to make a presentation in '86. I believe you said it was March, early '86.

That was at the OEOB, to an outreach group that was involved in contra type support for the upcoming vote, March, I believe you said it was '86.

Do you recall at that time if Mr. Reilly, who by then was an advisor to Ambassador Whittlesey in Switzerland had come back from Switzerland at Mr. Buchanan's request for that set of facts?

THE WITNESS: First time I even heard the issue raised. I am not aware.

MR. LEON: Are you aware that Mr. Buchanan was holding regular meetings at his office with Mr. Reilly during '85 and others from different agencies with regard to publicity regarding the contras?

MR. RAUL: There were two questions in there, Mr. Leon. You want to break that down?

MR. LEON: Sure.

MR. RAUL: One question was on Mr. Fuller's familiarity with meetings in Buchanan's office with Reilly. Second question: meetings with representatives of agencies?

MR. LEON: No. They were all present, Buchanan, Reilly, and members of other agencies, State Department representatives, NSC representatives, a weekly meeting to address the topic of generating favorable public publicity for the contras. Were you aware that those were going on?

THE WITNESS: No, I ~~neighter~~ neither then nor now have any specific knowledge of what Mr. Buchanan was doing. His position at the White House, among other things, involved him in overseeing activities of the Office of Public Liaison, so --

MR. LEON: Do you know if the Vice President was aware of those?

THE WITNESS: No, I have no reason to believe he was aware of those.

MR. LEON: Or was being briefed about them for that matter?

THE WITNESS: I am sure he was not being briefed about them.

MR. LEON: You said earlier on you were in Frankfurt, prior to going over to Israel on this trip, the Vice President?

THE WITNESS: Right.

MR. LEON: When you were in Frankfurt, were you contacted at that time by Colonel North?

THE WITNESS: Yes.

MR. LEON: You were, and where was Colonel North at that time, if you knew?

THE WITNESS: I didn't know.

MR. LEON: And was North calling you, I should say, he called you specifically, did he not?

THE WITNESS: Yes.

MR. LEON: Were you using a secured line?

THE WITNESS: I believe I was, but I can't be certain.

MR. LEON: Where would it have been, if you were?

In the Vice President's plane?

THE WITNESS: No, it was in a secured communications room at the Base in Frankfurt.

MR. LEON: At the base in Frankfurt? Do you know if he was using a secured line?

THE WITNESS: No, I don't.

MR. LEON: How about when you contacted him in Israel? I believe you gave him a phone call, after the meeting with Nir, was it or just before the meeting?

MR. RAUL. Mr. Fuller testified that North called him before the meeting with Nir.

MR. LEON: That was in Frankfurt?

THE WITNESS: No, well, earlier I indicated on the 28th, the process with Nir started on the 28th, while in Israel.

MR. LEON: While in Israel?

THE WITNESS: We didn't discuss Nir while I was in Frankfurt. The first contact was on the 28th while I was in Israel, and that call, to the best of my recollection, was on a secured phone.

MR. LEON: Where was that?

THE WITNESS: We had a secured communications facility at the hotel.

MR. LEON: Okay. So there was, prior to the 28th which was Israel, there also was a phone call from North in Frankfurt?

THE WITNESS: Correct.

MR. LEON: What was the subject of that?

THE WITNESS: The issue presented was whether or not the Vice President should remain at the Air Base there to receive the hostage that had been released, Father Jenco.

MR. LEON: All right, and do you recall what time of day that was in Frankfurt? Was it evening, morning?

THE WITNESS: In Frankfurt time, it was, I believe it was in the morning, because the issue was whether we were going to delay our departure until mid-afternoon so there may have been a discussion. I have not given you the date of the Frankfurt call, but there were some conversations that evening, and again in the morning before we left for Israel. It was solely over the issue of whether the Vice President should stay there and greet Father Jenco.

We ended up phoning him, as I recall, phoning Father Jenco at the embassy or the Ambassador's residence in Damascus where he was being held, I think.

MR. LEON: Were you the one who spoke with North?

THE WITNESS: Yes.

MR. LEON: Did the Vice President at any point speak with North?

THE WITNESS: I don't believe so.

MR. LEON: Did anyone else on your staff speak with him?

THE WITNESS: I really don't know. It is possible they did. We had a military aide with us and they were trying to determine what the logistics were, I hope I have the right hostage. I think it was Jenco.

BY MR. EGGLESTON:

Q It was Jenco, July 24 that he was actually released.

A I think that is right.

MR. LEON: Just for my own recollection, you didn't have a specific impression where North was on that day when you were in Frankfurt?

THE WITNESS: No, I did not.

BY MR. EGGLESTON:

Q Let me finish up. Were you aware in the Fall of '86 a second channel had been opened up, not a channel through Mr. Nir, but a different channel; I take it not.

A At the time, no.

Q Let me get to the events of November 21 on through the 25th and then I will be done with you.

There comes a time on the 21st when a decision is made to bring in Mr. Meese to conduct an investigation. Did you know that that decision had been made?

A Yes.

Q How had you learned that that decision had been made?

A I don't remember how I was informed.

Q Did you learn it on the 21st?

A I am thinking, I think that was a Friday.

Q It was.

A Yes, I did learn it on the 21st.

Q What event occurred that led to a decision to conduct a somewhat formal investigation?

A I was unaware of the reason for the investigation. I later learned that it was conflicting testimony that caused some concern. I was not aware of that.

I had an occasion to speak with Mr. Meese that day and he and I have talked about the fact that he was going to be working over the course of the weekend, and he asked, I guess, whether the Vice President and I would be available if he had any questions, and I indicated we were.

Q Was that the purpose of the conversation with Mr. Meese?

A I don't recall. I don't recall.

I recall speaking to him by phone and I believe I initiated, but I don't recall the purpose of it.

Q Is that the first that you had learned there was going to be an investigation of some nature to be conducted over the weekend by Mr. Meese?

A I think I had learned prior to that, and I just don't remember who might have told me.

Q How was it that you think you learned that the investigation might have begun over some conflicting testimony?

A Later press accounts of it.

Q Okay, did you ask Mr. Meese what the investigation was about?

A No, I didn't.

Q Did you know it involved Colonel North?

A Yes, I knew it involved -- I knew it involved Colonel North and the circumstances surrounding the initiative in Iran. About the only specific detail I remember is that I indicated that I was aware that a chronology existed that had been prepared by the NSC, and I hoped that Ed Meese had a copy of that and he assured me he did.

Q Did you work over the weekend of the 22nd and 23rd?

A Yes.

Q Did you see Mr. Meese?

A No, we did not.

Q Did you see any representatives of the Department of Justice over that weekend?

A No, we did not.

Q Not even in the OEOB?

A I wasn't aware of any. I didn't see anybody.

Q Did you know that they were in the process of conducting an investigation, speaking to people, reviewing file during that weekend? Did you know that?

A I didn't witness them doing that. I was aware from what Mr. Meese said that they would be working over the course of the weekend.

Q Did there come a time when you learned that they had spoken to Colonel North on the 23rd, Sunday the 23rd?

A I wasn't aware of it until -- I wasn't aware of it until the 25th, when we all learned of the revelation.

Q Did you have any conversation about the investigation with Attorney General Meese on the 24th, on Monday?

A I did not.

Q Did you have any conversation with Colonel North about it?

A No.

Q Did you discuss it with anyone that you recall?

A No.

Q No discussion, I take it then, with the Vice President about the investigation?

A At the time I didn't know that that was the subject, or the purpose for Ed Meese wanting to see him, but Mr. Meese asked to see the Vice President Monday, late~~r~~ afternoon, I think it was about five o'clock, alone. They did meet alone briefly.

Q Do you know how long the meeting was?

A Fifteen minutes and it was at that point that Mr. Meese having seen the President earlier, he gave the Vice President a brief background on what Mr. Meese had learned preliminarily.

Q It was your understanding ---

A I learned it the following day.

Q Who did you learn it from the following day?

A The Vice President.

Q Did you talk about these events either on the 24th or the 25th with Mr. Casey? Did you know Mr. Casey?

A I knew Mr. Casey, but I had no discussions with him about this.

Q Or Mr. Poindexter?

A I did not discuss it with Mr. Poindexter.

Q Did you discuss it with Mr. Gregg?

A No.

Q Mr. McFarlane, did you know him?

A I knew Mr. McFarlane, but did not have any discussions with him in that time period about this.

Q Okay, then comes the 25th, and there is the announcement. Were you aware of what was going to happen prior to the time that the press conference took place?

A Yes, I met with the Vice President just after he left a meeting with the President which would have been about 9:30 in the morning, roughly. He indicated to me that there would be a Congressional Leadership meeting and gave me some brief details of what Ed Meese had learned just prior to his going back into another meeting with the President.

Q Okay, and at any time after November 20 of 1986, up until the present, really, have you discussed these events with Admiral Poindexter?

A No, I have had some contact socially with him, but I have not discussed the events with him.

Q Okay, how about Colonel North?

A Just, I believe it was about on the 20th or the 21st, Colonel North gave me a copy of the chronology he had produced. He indicated that he had produced a chronology and a record of this, but there wasn't really much of a discussion. He indicated that the Vice President and I might want to read it.

Q Any other discussion with Colonel North about these events?

A There were no discussions about the events that had taken place. He really indicated that he had laid out everything in the chronology. He indicated he was still in contact with some people in Iran and he was still hopeful and he wasn't sure what was going to happen in the future.

Q Have you had any contact with Colonel North at all since he was fired from the National Security Council?

A No.

Q Have you discussed these events with Mr. McFarlane?

A Yes, I have.

Q What are the nature of those discussions?

A As soon as the nature of this initiative became public, I was obviously aware that the Vice President would be, I was aware that it would be important to know what role the Vice President had played in it, and so as I learned the details, acquired information, which are fully reported here in the Tower Report, but as I learned them, I just maintained my own record, tried to determine what involvement the Vice President had had, if any, and on three or four occasions perhaps, talked with Mr. McFarlane to clarify really the lack of the Vice President's role in this, which he confirmed.

Q Were these conversations that took place in sort of the late November time period? Are these both before and after November 25th?

A He and I, Mr. McFarlane and I did not discuss it until it had become public in November, and I did not, I don't recall any conversations with him around the period when they were preparing the facts, but in December and January, as more of the record became known, we had some contact. We have talked three, four times this year. We see each other at social occasions from time to time.

Q And when you say, do you recall, are these lengthy conversations that you have had with him where he has reviewed th events that took place? What has been the nature of the conversations you have had?

A I don't think any of the discussions have lasted more than 30 minutes. On one occasion I met with him in his office and talked through my understanding of what the Vice President had been involved in and he verified that my understanding of it was correct.

Q Do you remember what you told him?

A In a summary fashion, the fact that our records suggest the Vice President didn't participate in the August '85 discussions was consistent with his recollection, the fact that the Vice President didn't participate in the December '85 pre-London meeting or post-London meeting in which McFarlane met with Ghorbanifar was consistent with McFarlane's recollection. The fact that there is no record of the Vice President having any detailed briefing of the '85 activity at all other than what he would have picked up in the course of discussions that might have occurred at these 9:30 briefings was consistent with Mr. McFarlane's recollection.

Beyond that, in '86, since Mr. McFarlane had left the White House, he only had occasional contact with the Vice President, and that was usually around social occasions of some kind, no briefings.

At the time I was interested in trying to ascertain -- I didn't know about any of this until July of '86 -- I was trying to determine whether Mr. McFarlane,during the 1985 period, would have been aware of any role the Vice President might have had that he couldn't recall, but that Mr. McFarlane could recall and I found no such evidence of any role of any involvement.

Q As this event became public in November of '86, various individuals announced that we were dealing with part of the strategic initiative was to deal with moderates in Iran and that was to increase their stature, in a post-Khomeini or even during the time that Khomeini, some prominence could be given to various moderates. As of this time, you had this briefing from Mr. Nir where he indicated that we were not dealing with moderates and the moderates had no control over the hostages, and that is the reason we had to be dealing with the radicals, because there wasn't much point in dealing with the moderates because we would never get the hostages out. Did you have occasion during this November time period to discuss with the Vice President how your briefing from Mr. Nir diverged from the public statements about meetings with moderates?

A We really didn't have a detailed discussion of that. Neither one of us, I will say, clearly recalled or -- the statement Nir made at the time.

As we subsequently began looking at the documents, the material that was being provided, we read it and recognized the conflict, but we also at the time, recognized the kind of contact that North was involved in changed subsequent to this meeting.

I have no knowledge whether there is any causal relationship and it is not clear to me and Nir did not make it clear to us just who was having the contact with the radicals. I say that to suggest that the impact of that statement at the time was to me no greater than anything else that was being said and did not stick with the Vice President as something that was a contradiction to what he had known.

Q Did you discuss this memorandum or the briefing with anyone else around the time this became public, Colonel North or Admiral Poindexter, or anyone?

A November, December of '86, no.

The Vice President was interviewed by the Justice Department, by the FBI. He advised them of it. He turned over the notes of the meeting, and he met in December with the Tower Board and turned over the notes of the meeting. Subsequently, we were briefed by Senator Durenberger and Mr. McMahon of his staff and discussed the meeting and indicated we would turn over the notes of the meeting since they didn't think they had them, but they later discovered they did have them, but in any event, each group that came to us, this was the one unique act that we engaged in for eighteen months.

Q And everyone has found it?

A We thought it was unique, but then they found all the computer notes.

Q Do you recall when this document became public, appeared in the press?

A Yes.

Q When was that?

A Oh, I'm sorry, I don't recall the date of it.

Q It was not released by your office?

A That is correct. It was not released by our office.

Q It was leaked, not an official release?

MR. LEON: February 8.

THE WITNESS: Sounds to be approximate time frame. There was some reporting on this, the existence of the meeting and the notes prior to that. In fact, it was January 8, because it took just about thirty days, as I recall, between the time the first report occurred, that we had notes, and the article, but in early January of '87, we confirmed the fact that the meeting had taken place. We had briefed everybody. The notes existed. We had no objection to them being made a part of the Senate Committee report.

BY MR. EGGLESTON:

Q Prior to November 25 of 1986, had you heard of Lake Resources?

A No.

Q Hyde Park Square Corporation?

A First time I have heard of it.

Q How about Udall?

A I am not familiar with that.

MR. RAUL. You are not referring to any of the elected representatives around here?

MR. EGGLESTON: No.

BY MR. EGGLESTON:

Q Were you aware prior to November 21, 1986, that there may have been a diversion of monies received during the course of the Iran initiative, may have been a diversion of those monies to Central America?

A No, I was not.

Q You indicated you did not know General Secord?

A No.

Q Did you know Albert Hakim?

A I did not know him.

Q You have never met him to this day?

A No, I have not.

MR. EGGLESTON: I have nothing further.

Mr. Leon, do you have anything?

MR. LEON: I have a few questions.

BY MR. LEON:

Q You said you retained handwritten notes of the meeting with Mr. Nir.

A That is correct.

Q At whose direction?

A Did I take them?

Q No, did you retain them, the handwritten notes? You had them typed up?

A I kept them in my s~~c~~afe.

Q Did you do that at any one's direction or did you do that because you thought it was appropriate?

A I don't dispose of documents, consistent with the Presidential Papers Act.

MR. EGGLESTON: Is that what you regard as a violation, if you were to tear up your notes afterwards?

MR. RAUL: I think that is not germane to this deposition.

MR. LEON: You wrote out in longhand what you had typed?

THE WITNESS: I save it all.

BY MR. LEON:

Q Even the drafts?

A Right, rough notes, handwritten copy.

Q So that is standard procedure for you as opposed to, it was specifically directed you do it?

A Correct.

Q That is all I was trying to determine. At one point you were asked if you knew of any meetings between Colonel North and the Vice President alone. And my recollection is you said you didn't know of any?

A Yes.

Q If such meetings did take place during normal working hours and you were not around for some reason, would these meetings have been recorded by someone else into a log book so to speak?

A Yes, as best the Vice President's immediate office staff is able, they keep a record of people entering and leaving the Vice President's office.

That is kept on his daily schedule, and I receive a final copy of that on a daily basis. A copy is retained in our files.

Q Okay. If such a meeting had taken place had it had taken place at the Vice President's residence, would there be a record of his going to see the Vice President there?

A The answer to that is there probably would be a record of it. We generally, if we schedule something at the residence or if we know something is occurring at the residence, we generally record that in his schedule.

Q What if it was an unexpected, unrecorded meeting?

A If you are asking if it is possible for there to be a meeting without it being recorded, the answer is yes.

If you are asking if it is customary, no. The nature of the relationship is such that I just don't recall, or would think it unlikely that a meeting would have occurred like that at the residence.

Q Okay. You spoke a while ago of sitting down with Mr. Gregg and going over with him all his contacts with Mr. Rodriguez, and during the course of that discussion with him, to put together a chronology for public direction, he recounted to you a particular incident at which Mr. Rodriguez recounted being reprimanded by Colonel North, so to speak.

Do you recall if that was included within the chronology?

MR. RAUL: I don't recall Mr. Fuller testifying that he had a conversation with Mr. Gregg where Gregg told him about Rodriguez being reprimanded by North.

MR. LEON: I might have misunderstood.

THE WITNESS: I didn't mean to say that I knew that a reprimand occurred.

How do you define that? It is true that Don Gregg told me that Felix had been cautioned or there had been concern expressed by him making public, or talking publicly about his reservations concerning improprieties in the contra supply activiies going on at the base.

MR. LEON: The cautioning was done by North?

THE WITNESS: Yes.

MR. LEON: Okay.

THE WITNESS: Was that in the chronology?

BY MR. LEON:

Q That is my question.

A No, I don't think the details of that were spelled out.

Actually, though it was Felix Rodriguez' concern, as I understand it, that he brought to North's attention, I mean, he brought to Gregg's attention in the early August meeting, and it was those concerns that Gregg later discussed, a few days later discussed with members of the National Security Council.

Q Is there any reason ---

A Just record -- the chronology reads on August 8, 1986 Mr. Rodriguez met with Mr. Gregg and Colonel Watson to express his concerns that the informal contra supply organization which then existed might not survive until a U.S. government organization, directed by CIA to implement delivery of funds and equipment recently authorized by Congress -- I was reading parts from the transcript here.

There is not a specific description here of Colonel North's concern, no.

Q Was there a reason why that wasn't included? And what was the reason?

A I really don't recall.

Q Do you recall if Mr. Gregg wanted to include it?

A No, I don't.

MR. RAUL: Were these concerns expressed by Colonel North before or after the public release of the chronology?

THE WITNESS: Let's go back to how I heard of this.

They were concerns discussed, as I understood it, they were concerns raised in the summer of '86 by Colonel North, and the chronology was released in December of '86. I mean the effort here was designed to describe what Mr. Rodriguez was concerned about, and the nature of the contact with Mr. Rodriguez, not with our office, not the nature of Mr. Rodriguez' contact with other agencies of the government or even with the NSC staff itself.

BY MR. LEON:

Q If you can recall, was it your impression from talking to Mr. Gregg that that meeting recounted the chronology on August 9 or 8?

A Eight.

Q Was it your impression in talking with Mr. Gregg that that was a pre-planned meeting, or a spur of the moment meeting that just happened that day?

A I don't remember how it was set up. I don't remember the way in which it was set up. I am not sure I ever knew, though, how it was set up.

Q Before your meeting with Mr. Nir, actually before your getting a phone call from Colonel North to set up a meeting with the Vice President, what was your understanding of Colonel North's role at the NSC vis-a-vis hostages, terrorists?

A I had no detailed knowledge about his role or his activities. I knew that among his responsibilities was the responsibility for the general terrorism policy, and hostages to the extent that it was related to terrorist activity.

Q In that regard, you had been aware in '85 of his involvement with the TWA hijacking incident?

A That is true.

Q And the Achilles Lauro incident?

A Yes, that is correct.

Q How about with regard to your understanding prior to getting that phone call to set up the appointment with Nir, your understanding of North's role, if any, with regard to Israel in general and Prime Minister Perez?

A I had no knowledge about any of his responsibilities as they would relate to the Middle East.

Q Were you surprised that he was calling about setting up a meeting vis-a-vis a briefing given to Prime Minister Perez?

A I wasn't surprised because the context for the meeting had to do with hostages and Nir was described as a counter-terrorism representatives. It seemed understandable that this would be somebody Colonel North had been in contact with.

Again, the general topic was one I was not at all familiar with, but the fact that Ollie North called me about it, no, that was not surprising.

Q At that time you had had no knowledge of the shipment of missiles by Israel, back in September of '85, the preceding year, or Colonel North's involvement in that?

A I had no knowledge of that.

Q Or any relationship between that and the release of the hostage Weir?

A Had no knowledge of that.

Q Okay. So [redacted] this, this Nir meeting, the meeting with Nir and the Vice President was the first time that you saw a link between delivery of weapons and releasing of hostages?

A That is correct, it is the first time.

MR. LEON: I can't think of anything else.

MR. EGGLESTON: I have nothing further.

MR. RAUL: Thank you, Mr. Eggleston.

MR. EGGLESTON: Mr. Fuller, thank you very much. We know you are extremely busy. We appreciate your coming down here today.

THE WITNESS: I would be happy to cooperate further, if you see any reason to.

(Whereupon, at 5:05 p.m., the taking of the deposition was concluded.)